

Exhibit No.:  
Issues: Class Cost of Service  
Rate Design  
Witness: Thomas M. Imhoff  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: HR-2011-0241  
Date Testimony Prepared: September 2, 2011

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**DIRECT TESTIMONY**

**OF**

**THOMAS M. IMHOFF**

**VEOLIA ENERGY KANSAS CITY, INC**

**CASE NO. HR-2011-0241**

**Jefferson City, Missouri  
September 2011**

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

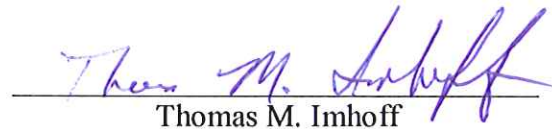
In the Matter of Veolia Energy Kansas )  
City, Inc's. Tariffs to Increase Rates )

File No. HR-2011-0241

**AFFIDAVIT OF THOMAS M. IMHOFF**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 3 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
Thomas M. Imhoff

Subscribed and sworn to before me this 2<sup>nd</sup> day of September, 2011.



  
Notary Public

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**DIRECT TESTIMONY**

**OF**

**THOMAS M. IMHOFF**

**VEOLIA ENERGY KANSAS CITY, INC**

**CASE NO. HR-2011-0241**

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**DIRECT TESTIMONY**  
**OF**  
**THOMAS M. IMHOFF**  
**VEOLIA ENERGY KANSAS CITY, INC**  
**CASE NO. HR-2011-0241**

Q. Please state your name and business address.

A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Thomas M. Imhoff who previously filed testimony in this case?

A. Yes.

Q. With reference to Case No. HR-2011-0241, have you participated in the Commission Staff's (Staff) audit of Veolia Energy Kansas City, Inc. (Veolia Kansas City or Company) concerning its request for a rate increase in this proceeding?

A. Yes, I have, with the assistance of other members of the Staff. I support the Staff's recommendation to the Commission concerning the Class-Cost-of-Service (CCOS) and Rate Design.

**EXECUTIVE SUMMARY**

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to provide an overview of the Staff's position relating to CCOS and rate design. Attached to my testimony is a report that describes in greater detail, the Staff's position relating to these issues. The report was prepared by various Staff members under my direction. The "report" approach to the case filing

1 minimizes the number of Staff witnesses required to file direct testimony and provides for a  
2 clearer presentation of the Staff's CCOS, rate design and miscellaneous tariff issues.

3 **CLASS COST OF SERVICE**

4 Q. What is the purpose of Staff's CCOS?

5 A. The purpose of Staff's CCOS is to provide the Commission with a measure of  
6 relative class cost responsibility for the overall revenue requirements of Veolia Kansas City.  
7 For individual items of cost, the responsibility of a certain class of customers to pay that cost  
8 can be either directly assigned or allocated to customer classes using reasonable methods for  
9 determining the class responsibility for that item of cost. The results are then summarized so  
10 that they can be compared to revenues being collected from each class on current rates. The  
11 difference between a particular customer class' costs responsibility and the revenues  
12 generated by that customer class is the amount that class is either subsidizing (revenues  
13 greater than costs) or the other classes are being subsidized (revenues less than costs).

14 Q. What is the Staff's recommendation on CCOS?

15 A. The Staff is recommending no revenue shifts in revenue responsibility between  
16 these classes.

17 **RATE DESIGN**

18 Q. What is rate design?

19 A. Rate design is the assignment of rates to each customer class and is based from  
20 the Staff's CCOS and other relevant factors to this case.

21 Q. What is Staff's position relating to the rate design issue?

22 A. Staff recommends that each component of Veolia Kansas City's tariffed rates  
23 increase by the percentage in accordance with its CCOS.

**BILLING DEMAND**

Q. What is Staff's position relating to Veolia Kansas City's current billing demand time period computation in its tariff?

A. Staff proposes to change the computation from the current December 1, through March 31 time period, to an annual time period.

Q. Why is Staff proposing this change?

A. Veolia has a summer peaking customer that is currently paying no demand charges, even though they put a demand on the system during the summer. This customer should be charged a billing demand charge like all customers in the same rate class.

Q. Please identify the Staff witness responsible for addressing each area in the Report.

A. The Staff witness for each listed issue is as follows:

<u>Issue</u>	<u>Staff Witness</u>
Class Cost of Service	Thomas A. Solt
Mains, Services, Regulators Allocators	Daniel I. Beck
Rate Design	Henry E. Warren
Billing Demand Tariff Change	Thomas M. Imhoff

Q. Does this conclude your direct testimony?

A. Yes it does.

VEOLIA ENERGY KANSAS CITY, INC  
CASE NO. HR-2011-0241

Summary of Cases in which prepared testimony was presented by:  
THOMAS M. IMHOFF

<u>Company Name</u>	<u>Case No.</u>
Terre-Du-Lac Utilities	SR-82-69
Terre-Du-Lac Utilities	WR-82-70
Bowling Green Gas Company	GR-82-104
Atlas Mobilfone Inc.	TR-82-123
Missouri Edison Company	GR-82-197
Missouri Edison Company	ER-82-198
Great River Gas Company	GR-82-235
Citizens Electric Company	ER-83-61
General Telephone Company of the Midwest	TR-83-164
Missouri Telephone Company	TR-83-334
Mobilpage Inc.	TR-83-350
Union Electric Company	ER-84-168
Missouri-American Water Company	WR-85-16
Great River Gas Company	GR-85-136
Grand River Mutual Telephone Company	TR-85-242
ALLTEL Missouri, Inc.	TR-86-14
Continental Telephone Company	TR-86-55
General Telephone Company of the Midwest	TC-87-57
St. Joseph Light & Power Company	GR-88-115
St. Joseph Light & Power Company	HR-88-116
Camelot Utilities, Inc.	WA-89-1
GTE North Incorporated	TR-89-182
The Empire District Electric Company	ER-90-138
Capital Utilities, Inc.	SA-90-224
St. Joseph Light & Power Company	EA-90-252
Kansas City Power & Light Company	EA-90-252
Sho-Me Power Corporation	ER-91-298
St. Joseph Light & Power Company	EC-92-214
St. Joseph Light & Power Company	ER-93-41
St. Joseph Light & Power Company	GR-93-42
Citizens Telephone Company	TR-93-268
The Empire District Electric Company	ER-94-174
Missouri-American Water Company	WR-95-205
Missouri-American Water Company	SR-95-206
Union Electric Company	EM-96-149
The Empire District Electric Company	ER-97-81
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
Laclede Gas Company	GR-99-315
Atmos Energy Corporation	GM-2000-312
Ameren UE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GT-2001-329

Laclede Gas Company	GR-2001-629
Missouri Gas Energy	GT-2003-0033
Aquila Networks – L&P	GT-2003-0038
Aquila Networks – MPS	GT-2003-0039
Southern Missouri Gas Company, L.P.	GT-2003-0031
Fidelity Natural Gas, Inc.	GT-2003-0036
Atmos Energy Corporation	GT-2003-0037
Laclede Gas Company	GT-2003-0032
Union Electric Company d/b/a Ameren UE	GT-2003-0034
Laclede Gas Company	GT-2003-0117
Aquila Networks MPS & L&P	GR-2004-0072
Missouri Gas Energy	GR-2004-0209
Missouri Pipeline Company & Missouri Gas Company	GC-2006-0491
Atmos Energy Corporation	GR-2006-0387
Laclede Gas Company	GR-2007-0208
Missouri Gas Utility Company	GR-2008-0060
TriGen-Kansas City Energy Group	HR-2008-0300
Laclede Gas Company	GT-2009-0056
Missouri Gas Energy	GR-2009-0355
Empire District Gas Company	GR-2009-0434
Atmos Energy Corporation	GR-2010-0192
Laclede Gas Company	GR-2010-0171
Union Electric Company d/b/a Ameren UE	GR-2010-0363