

Exhibit No.

Issue: Adjustment to PACC Rate

Witness: Matthew J.
DiGeronimo

Type of Exhibit: Direct Testimony

Sponsoring Party: Veolia Energy Kansas
City Inc.

Case No. HR-2018-____

Date Testimony Prepared: January 30, 2018

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

DIRECT TESTIMONY

OF

MATTHEW J. DIGERONIMO

VEOLIA ENERGY KANSAS CITY, INC.

TABLE OF CONTENTS
DIRECT TESTIMONY OF
MATTHEW J. DIGERONIMO

Section	Page Ref.
Overview	
Mlb sales by rate class and by individual customer	
Fuel, purchased electricity and consumable costs included in rates	
Calculation of the proposed PACC collection rates	

Attachments

Schedule HC MJD-1	Base Costs
Schedule HC MJD-2	Calculation of the Production Adjustment
Schedule HC MJD-3	Customer Sales

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF MATTHEW J. DIGERONIMO
ON BEHALF OF VEOLIA ENERGY KANSAS CITY, INC.
CASE NO. HR-2017-_____**

1 **OVERVIEW**

2 Q. Please state your name and business address.

3 A. My name is Matthew J. DiGeronimo and my business address is Veolia North
4 America, 700 Butterfield, Suite 201 Lombard, IL 60148.

5

6 Q. By whom are you employed and in what capacity?

7 A. I am employed by Veolia North America as the Vice President of Operations, of
8 Veolia North America's Municipal and Commercial Businesses including Veolia
9 Energy Kansas City, Inc. My duties and responsibilities include the management
10 and oversight of Veolia Energy Kansas City, Inc. (referred to herein as "Veolia").

11

12 Q. Have you ever testified before this Commission or any other regulatory
13 commission?

14 A. Yes, in filing YH-2016-0192 and my prior testimony for this PACC filing, which
15 this testimony is meant to replace the prior testimony.

16

17 Q. Please summarize the purpose and content of your testimony.

18 A. Veolia's Production Adjustment Cost Clause (PACC) became effective on
19 January 1, 2015, which includes Veolia's obligation to file an annual, with an

1 option for semi-annual, rate adjustments to reflect 95% of the changes to
2 production costs. The purpose of my testimony is in support of Veolia's annual
3 PACC filing (including, but not limited to, the 3rd revised sheet No. 36 and 3rd
4 revised sheet No. 37) as required by the Non-unanimous Stipulation and
5 Agreement in Case No. HR-2014-0066 and PACC tariff, to adjust customer rates
6 for changes in Veolia's PACC production costs experienced during the
7 accumulation period January 2017 through December 2017.

8
9 The costs passed through this PACC filing reflect ninety-five percent (95%) of the
10 difference between actual fuel, purchased power, and consumable costs and these
11 costs as set in base rates. The base rates were set in Case No. HR-2014-0066 at
12 seven dollars and sixty-nine cents per thousand pounds of steam (\$7.69/mlb). On
13 March 16, 2016, the Public Service commission issued an order approving a
14 PACC filing decreasing (refunding) rates \$0.17905 per Mlb, effective April 1,
15 2016. On March 29, 2017, the Public Service commission issued an order
16 approving a PACC filing decreasing (refunding) rates \$0.44636 per Mlb, effective
17 April 1, 2017. The PACC production costs included in this filing (including
18 regulatory accounts) are: (a) fuel costs: (i) 5011 Fuel expense – natural gas; (ii)
19 5012 Fuel expense – natural gas transport; (iii) 5013 Fuel expense – coal
20 (including delivery, handling & testing); (iv) 5017 Fuel expense – purchased
21 electricity; (b) consumable costs: 5021 Consumable expense – water; (ii) 5022
22 Consumable expense – sewer. In accordance with the terms of the PACC tariff,

1 no capital costs or internal company labor has been included in actual production
2 costs reported during the Accumulation Period.

3

4 The Recovery Period applicable to this filing will consist of the billing months
5 April 2018 – March 2019. Pursuant to the reporting requirements contained in the
6 Non-unanimous Stipulation and Agreement, the testimony will address: (1) Mlb
7 sales by rate class and by individual customer, separately showing steam sales to
8 Veolia Missouri and the process steam customers; (2) Fuel, purchased electricity
9 and consumable costs included in base rates, the amount of such costs includable
10 in the PACC and the variance of eligible costs during the Accumulation Period;
11 and (3) calculation of the proposed PACC collection rates, along with supporting
12 work papers.

13

14 Q. What adjustment is being made in this filing?

15 A. Customer rates will decrease (refund) \$0.16412 per Mlb driven primarily by
16 decreases in the cost of fuel as well as continued implementation of system
17 efficiencies such as maintenance on Boiler 1A Controls. These projects increased
18 Veolia's efficiency which will result in a reduction (refund) of customer rates.
19 The refund represents ninety-five percent (95%) of the total company PACC
20 variance from PACC base cost. The PACC will appear as a separate line item on
21 the customer's bills starting with April 2017, when the Recovery Period
22 applicable to the subject Accumulation Period begins.

23

1 Q. How did Veolia calculate the PACC adjustments requirements contained in the
2 Non-unanimous stipulation and agreement in Case No. HR-2014-0066 and
3 Veolia’s PACC Tariff?

4 A. In order to address the specific PACC filing requirements contained in the Non-
5 unanimous stipulation and agreement in Case No. HR-2014-0066 and Veolia’s
6 PACC Tariff, the following information associated with the filing of this case was
7 prepared by me or under my direction and supervision:

8 1. Base Costs attached as Schedule MJD-1. This schedule details the
9 regulatory accounts filed under Case No. HR-2014-0066 Base Amount,
10 the accounts in the applicable Accumulation Period, and the variance. The
11 schedule also details steam sales per customer class.

12 2. PACC Rider attached as Schedule MJD-2. This schedule details
13 the calculation of the production adjustment pursuant to the PACC tariff
14 rider.

15 3. Customer Sales attached as Schedule MJD-3. This schedule
16 details customer accounts, sales (in Mlbs), the impact of the PACC rate
17 adjustment in the Recovery Period and the monthly PACC adjustment
18 (refund).

19

20 **MLB SALES BY RATE CLASS AND BY INDIVIDUAL CUSTOMER,**
21 **SEPARATELY SHOWING STEAM SALES TO VEOLIA MISSOURI AND THE**
22 **PROCESS STEAM CUSTOMERS**

1 Q. Please detail Mlb sales by rate class and by individual customer, separately
2 showing steam sales to Veolia Missouri and the process steam customers.

3 A. Please see Schedule MJD-1 for Mlb sales by rate class. Please see Schedule
4 MJD-3 for sales by individual customer (detailed as Tariff Customer account
5 codes). The steam sales to Veolia Missouri are shown in Schedule MJD-3
6 customer account numbers K1174 and K1210 and total sales to Veolia Missouri
7 during the Accumulation Period is shown in note (e) to Schedule MJD-3. Please
8 see Schedule MJD-3 for steam sales to process steam customers during the
9 Accumulation Period.

10

11 **FUEL, PURCHASED ELECTRICITY AND CONSUMABLE COSTS INCLUDED**
12 **IN BASE RATES, THE AMOUNT OF SUCH COSTS INCLUDABLE IN THE**
13 **PACC, AND THE VARIANCE OF ELIGIBLE COSTS DURING THE**
14 **ACCUMULATION PERIOD**

15 Q. Please detail fuel, purchased electricity and consumable costs included in base
16 rates, the amount of such costs includable in the PACC, and the variance of
17 eligible costs during the Accumulation Period.

18 A. Please see Schedule MJD-1 for fuel, purchased electricity and consumable costs
19 included in base rates. Please see Schedule MJD-2 for the amount of such costs
20 includable in the PACC and the variance of eligible costs during the
21 Accumulation Period.

22

1 **CALCULATION OF THE PROPOSED PACC COLLECTION RATES, ALONG**
2 **WITH SUPPORTING WORK PAPERS**

3 Q. Please detail the calculation of the proposed PACC collection rates, along with
4 supporting work papers.

5 A. Please see Schedule MJD-1, Schedule MJD-2 and Schedule MJD-3 for the
6 calculation of the proposed PACC collection rates.

7 Q. Does Veolia seek application of the PACC Rider to the Residential High-Rise
8 class at this time?

9 A. No, however that decision shall not be interpreted as a waiver by Veolia to seek
10 future application of the PACC Rider to the Residential High-Rise customer class
11 in the future.

12

13 Q. Does this conclude your direct testimony?

14 A. Yes.