

April 22, 2011

[CUSTOMER NAME AND ADDRESS]

Dear [Customer Name]:

I am writing to personally inform you that Veolia Energy (“the Company”) is preparing to file for an increase in its tariff steam heating rates with the Missouri Public Service Commission (“MoPSC” or “Commission”). As a regulated utility, Veolia Energy is obligated to file proposed new rates and undergo a rate proceeding with the MoPSC prior to implementing any change in its rates. We expect this filing to take place shortly and the proceeding to commence in April of 2011. Any change in rates will not take effect until that proceeding is completed.

This is the first rate increase filing in three years and only the second in the Company’s eighteen-year history in Kansas City. The Company is requesting \$1,379,000 in rate relief, which equates to an overall average increase of 19%.

Under the proposed rates, the average increase for Standard Commercial Service tariff customers would be roughly 11.3%. Customers receiving service under the Large Commercial Service tariff would see an average increase of 16.8%, and Interruptible Heating Service customers would experience an average increase of 41%.

The Company has initiated the rate change proceeding because of increased investment in its plant and system, higher fuel prices, and other input costs. Generally speaking, utility energy prices nationally have increased anywhere from 30% to more than 300% since the Company began service in Kansas City in 1990. Consumer prices alone have risen more than 60% over the same period. Including the increase that Veolia Energy is currently requesting, the average price that we charge customers for steam has only increased 37% over the last 21 years, which represents an annual average of only 1.8%. However, the Company’s costs for fuel to produce this steam have increased by more than 100% since January 2000. In light of that, the Company believes that its request for a rate increase is reasonable and necessary to ensure the provision of heating service to our customers well into the future.

After the filing with the MoPSC, an audit of Veolia Energy’s operations will be conducted, and hearings before the MoPSC will be held. Any new rates approved as a result of this request will most likely become effective in the fall of 2011.

The Company has been able to hold off on filing for a rate increase until now, mainly through efficient operations and significant growth of our customer base. However, as

costs continue to increase, we must increase our revenues to cover these costs. Against the backdrop of spiraling energy prices, we believe that Veolia Energy's requested increase is modest. We have deliberately tailored our request this way to ensure that Veolia Energy remains a superior value for its customers, while still having the opportunity to earn a reasonable return on our investment in the downtown core of Kansas City.

While I am aware that no one greets a rate increase with enthusiasm, I hope you will agree that our request to the Commission is reasonable, and understand our need to collect appropriate revenues to support our ongoing operations for your benefit. Please understand that recovery of costs is essential for Veolia Energy to continue to provide highly reliable, resource-efficient space heating steam from our combined heat-and-power station at First Street and Grand Avenue in downtown Kansas City.

We appreciate your past business and look forward to providing you with service well into the future. If I can be of further assistance, please contact me at (816) 889-4900.

Sincerely,

Daniel C. Dennis  
VP & General Manager