

**Issue:** Adjustment to PACC Rate

**Witness:** Scott Stordahl

**Type of Exhibit:** Direct Testimony  
**Sponsoring Party:** Veolia Energy Kansas  
City Inc.

**Case No.** HT-2020-\_\_\_\_

**Date Testimony Prepared:** January 31, 2020

**BEFORE THE PUBLIC SERVICE COMMISSION**

**STATE OF MISSOURI**

**DIRECT TESTIMONY**

**OF**

**SCOTT STORDAHL**

**VEOLIA ENERGY KANSAS CITY, INC.**



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**SCOTT STORDAHL**

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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
DIRECT TESTIMONY OF SCOTT STORDAHL  
ON BEHALF OF VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HT-2020-\_\_\_\_\_**

1 **OVERVIEW**

2 Q. Please state your name and business address.

3 A. My name is Scott Stordahl and my business address is Veolia Energy Kansas  
4 City, Inc., 115 Grand Blvd., Kansas City MO 64106.

5

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

7 A. I am employed by Veolia North America as the General Manager of Veolia  
8 Energy Kansas City, Inc. My duties and responsibilities include the management  
9 and oversight of Veolia Energy Kansas City, Inc. (referred to herein as  
10 “Veolia”<sup>1</sup>).

11

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

14 A. No.

15

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

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<sup>1</sup> In Case No. HN-2020-0205, Veolia seeks Commission approval of a change of name from Veolia Energy Kansas City, Inc to Vicinity Energy Kansas City, Inc. Approval of the name change in that case had not been granted at the time this testimony was filed.

1 A. Veolia's Production Adjustment Cost Clause (PACC) became effective on  
2 January 1, 2015, which includes Veolia's obligation to file annual, with an option  
3 for semi-annual, rate adjustments to reflect 95% of the changes to production  
4 costs. The purpose of my testimony is in support of Veolia's annual PACC filing  
5 (including, but not limited to, the 6<sup>th</sup> revised sheet No. 36 and 6<sup>th</sup> revised sheet  
6 No. 37) as required by the Non-unanimous Stipulation and Agreement in Case  
7 No. HR-2014-0066 and PACC tariff, to adjust customer rates for changes in  
8 Veolia's PACC production costs experienced during the accumulation period  
9 January 2019 through December 2019. Paragraph 8 of the Non-Unanimous  
10 Disposition Agreement approved by the Commission in Veolia's most recent rate  
11 case, Case No. HR-2018-0341 (Tracking No. YH-2019-0076), continued the  
12 PACC Tariff with approved modifications.<sup>2</sup>

13

14 The costs passed through this PACC filing reflect ninety-five percent (95%) of the  
15 difference between actual fuel, purchased power, and consumable costs and these  
16 costs as set in base rates. The base rates were reset in Case No. HR-2018-0341 at  
17 seven dollars and eighteen cents per thousand pounds of steam (\$7.18/mlb). The  
18 history of surcharges/refunds under the PACC tariff are summarized below:

- 19
- On March 16, 2016, the Public Service commission issued an order approving  
20 a PACC filing decreasing (refunding) rates \$0.17905 per Mlb, effective April  
21 1, 2016.

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<sup>2</sup> The modifications to the PACC Tariff include the addition of chemical costs (Account 5027), the removal of coal costs (Account 5013) and resetting the PACC base factor from \$7.69/mlb to \$7.18/mlb effective December 1, 2018.

- 1       • On March 29, 2017, the Public Service Commission issued an order  
2           approving a PACC filing decreasing (refunding) rates \$0.44636 per Mlb,  
3           effective April 1, 2017.
- 4       • On March 21, 2018, the Commission approved a PACC filing decreasing  
5           (refunding) rates \$0.16412 per MLB, effective April 1, 2018.
- 6       • On March 20, 2019, the Commission approved a PACC filing decreasing  
7           (refunding) rates \$0.40858 per MLB, effective April 1, 2018.

8       The PACC production costs included in this filing (including regulatory accounts)  
9       are: (a) fuel costs: (i) 5011 Fuel expense – natural gas; (ii) 5012 Fuel expense –  
10       natural gas transport; (iii) 5017 Fuel expense – purchased electricity; (b)  
11       consumable costs: (i) 5021 Consumable expense – water; (ii) 5022 Consumable  
12       expense – sewer; and (iii) 5027 Consumable expense – chemicals. In accordance  
13       with the terms of the PACC tariff, no capital costs or internal company labor has  
14       been included in actual production costs reported during the Accumulation  
15       Period.

16

17       The Recovery Period applicable to this filing will consist of the billing months  
18       April 2020 – March 2021. Pursuant to the reporting requirements contained in the  
19       Non-unanimous Stipulation and Agreement, the testimony will address: (1) Mlb  
20       sales by rate class and by individual customer, separately showing steam sales to  
21       Veolia Missouri and the process steam customers; (2) Fuel, purchased electricity  
22       and consumable costs included in base rates, the amount of such costs includable  
23       in the PACC and the variance of eligible costs during the Accumulation Period;

1 and (3) calculation of the proposed PACC collection rates, along with supporting  
2 work papers.

3

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

5 A. Customer rates will decrease (refund) \$0.2901 per Mlb driven primarily by  
6 decreases in the cost of fuel and consumable costs relative to a PACC base of  
7 \$7.18/mlb effective December 1, 2018. Implementation of system efficiencies,  
8 such as maintenance on Boiler 1A Controls and reduced water purchases from the  
9 City resulting from installation of a reverse osmosis system to treat Missouri  
10 River water, have been beneficial in containing PACC includable costs. The rate  
11 reduction under the PACC tariff represents ninety-five percent (95%) of the total  
12 company PACC variance from the PACC base cost. The PACC will appear as a  
13 separate line item on the customer's bills starting with April 2020, when the  
14 Recovery Period applicable to the subject Accumulation Period begins.

15

16 Q. How did Veolia calculate the PACC adjustments requirements contained in the  
17 Non-Unanimous Disposition Agreement in Case No. HR-2018-0341 and Veolia's  
18 PACC Tariff?

19 A. In order to address the specific PACC filing requirements contained in the Non-  
20 Unanimous Disposition Agreement in Case No. HR-2018-0341 and Veolia's  
21 PACC Tariff, the following information associated with the filing of this case was  
22 prepared by me or under my direction and supervision:

- 1           1. Base Costs attached as Schedule HC SS-1. This schedule details the  
2           allowable regulatory accounts in Case No. HR-2018-0341 and the  
3           associated amounts in the applicable Accumulation Period. The schedule  
4           also details steam sales per customer class.
- 5           2. PACC Rider attached as Schedule HC SS-2. This schedule details the  
6           calculation of the production adjustment pursuant to the PACC tariff rider.
- 7           3. Customer Sales attached as Schedule HC SS-3. This schedule details  
8           customer accounts, sales (in Mlbs) by customer, the impact of the PACC  
9           rate adjustment in the Recovery Period and the monthly PACC adjustment  
10          (refund and/or surcharge).<sup>4</sup>

11

12   **MLB SALES BY RATE CLASS AND BY INDIVIDUAL CUSTOMER,**  
13   **SEPARATELY SHOWING STEAM SALES TO VEOLIA MISSOURI AND THE**  
14   **PROCESS STEAM CUSTOMERS**

- 15   Q.    Please detail Mlb sales by rate class and by individual customer, separately  
16        showing steam sales to Veolia Missouri and the process steam customers.
- 17   A.    Please see Schedule HC SS-1 for Mlb sales by rate class. Please see Schedule HC  
18        SS-3 for sales by individual customer (detailed as Tariff Customer account  
19        codes). The tariff steam sales to Veolia Missouri during the Accumulation Period  
20        are identified by note (e) to Schedule HC SS-3. Please see Schedule HC SS-3 for  
21        steam sales to process steam customers during the Accumulation Period.
- 22

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<sup>4</sup> Because it is anticipated that Tariff Sheets 36 and 37 will be approved in advance of April 1, 2020, Sheet 36 shows both the refund continuing through March 31, 2020 and the refund commencing April 1, 2020.



1 **FUEL, PURCHASED ELECTRICITY AND CONSUMABLE COSTS INCLUDED**  
2 **IN BASE RATES, THE AMOUNT OF SUCH COSTS INCLUDABLE IN THE**  
3 **PACC, AND THE VARIANCE OF ELIGIBLE COSTS DURING THE**  
4 **ACCUMULATION PERIOD**

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

8 A. Please see Schedule HC SS-1, column (B) for fuel, purchased electricity and  
9 consumable costs included in base rates and column (D) for the actual 2019  
10 comparable amounts. Please see Schedule HC SS-2 for the total amount of such  
11 costs includable in the PACC and the calculation of customer responsibility for  
12 the variance in eligible costs during the Accumulation Period.

13

14 **CALCULATION OF THE PROPOSED PACC COLLECTION RATES, ALONG**  
15 **WITH SUPPORTING WORK PAPERS**

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

18 A. Please see Schedule HC SS-1, Schedule HC SS-2 and Schedule HC SS-3 for the  
19 calculation of the proposed PACC collection rates.

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

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

4

5 Q. Does this conclude your direct testimony?

6 A. Yes.