

VEOLIA ENERGY KANSAS CITY, INC.
Name of Issuing Corporation

For KANSAS CITY, MISSOURI
Community, Town or City

VEOLIA ENERGY KANSAS CITY, INC.
RATES FOR STEAM SERVICE
STANDARD COMMERCIAL SERVICE ("SCS") SCHEDULE

Veolia Energy Kansas City, Inc. (the "Company") shall provide steam service at the rates set forth below under the provisions of Customer service agreements which shall include the provisions of the Company's general rules and regulations in effect and on file and the Commission's applicable general orders.

I. AVAILABILITY.

All Customers using 5,000 mlb or less, of total annual steam usage. This rate is also applicable to those Customers otherwise qualifying for the LCS rate schedule whose demand the Company determines cannot be reasonably or accurately measured using a demand meter. The annual steam usage of existing SCS Customers shall not exceed 5,000 mlb in at least one of the two immediately preceding twelve month periods ending March 31st, unless the Company determines that the Customer's demand usage cannot be reasonably or accurately measured with a demand meter required for service under the LCS rate schedule.

II. STEAM CHARGE.

In addition to any Meter Charge, the Company shall bill Customer a monthly Steam Charge (in thousand pounds of steam or "mlb") based on Customer's actual metered usage in the prior month by reference to the rate table below:

- For the first 5 mlbs per month; (\$11.00 + \$14.90) X mlbs
- For the next 20 mlbs per month; (\$11.00 + \$13.59) X mlbs
- For the next 75 mlbs per month; (\$11.00 + \$10.72) X mlbs
- For all mlbs over 100 per month; (\$11.00 + \$8.95) X mlbs

III. METER CHARGE.

In addition to any steam charge, and irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge of \$75 per month for the first meter and \$50 per month for each additional meter.

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month day year

DATE EFFECTIVE 12 2 2018
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ISSUED BY: Keith Oldewurtel, Senior Vice President, 115 Grand Blvd., Kansas City, MO 64106
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RATES FOR STEAM SERVICE
LARGE COMMERCIAL SERVICE ("LCS") SCEHDULE

C. ANNUAL DEMAND CHARGE SCHEDULE (billed in twelve equal monthly installments in thousand pounds of steam (or "mlb") per hour):

The annual demand charge will be established by the higher of the demand charges resulting from the following rates applied to the billing demand for the winter period beginning November 1 through March 31 specified in Section D below.

First 3 mlb/hour of Billing Demand; \$14,602.11 per mlb/hour.

The next 3 mlb/hour up to a total of 6 mlb/hour of Billing Demand; \$12,411.79 per mlb/hour.

The next 3 mlb/hour up to a total of 9 mlb/hour of Billing Demand, \$12,101.50 per mlb/hour.

The next 3 mlb/hour up to a total of 12 mlb/hour of Billing Demand, \$11,798.96 per mlb/hour.

The next 3 mlb/hour up to a total of 15 mlb/hour of Billing Demand, \$11,503.99 per mlb/hour.

For all pounds/hour over 15 mlb/hour of Billing Demand; \$11,216.39 per mlb/hour.

Or, the billing demand established during the non-winter period of April 1 through October 31 in the immediately preceding calendar year, according to the following schedule:

First 3 mlbs/hour of Billing Demand; \$1,460.21 per mlb/hour.

Next 3 mlbs/hour of Billing Demand; \$1,241.18 per mlb/hour.

The next 3 mlbs/hour of Billing Demand \$1,210.15 per

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mlb/hour.

The next 3 mlbs/hour of Billing Demand \$1,179.90 per mlb/hour.

The next 3 mlbs/hour of Billing Demand \$1,150.40 per mlb/hour.

For all mlbs/hour over 15 mlbs/hour of Billing Demand; \$1,121.64 per mlb/hour.

- D. Billing Demand: For purposes of calculating Demand Charges, the term "Billing Demand" for existing Customers means the Customer's highest hourly peak consumption of steam in any 60-minute interval in the two immediately preceding, completed November 1-March 31 (winter peaking) or April 1-October 31 (summer peaking) time frames.
- (i) Demand charges will be recalculated each year in April and apply to all billings for services rendered after March 31 of each year.
 - (ii) For new Customers not receiving steam service from Veolia as of the effective date of these tariffs, the initial year's Billing Demand will be determined by mutual agreement between the Company and the Customer.
 - (iii) For existing Customers that have made significant modifications to their buildings that would lower their projected usage, the Company may, at its sole discretion, use good engineering practices to estimate the impact on Billing Demand and reset the Billing Demand to reflect such changes. For subsequent years, Billing Demand will be set as per paragraph II.D.(i).

III. USAGE CHARGE.

- A. In addition to any Demand Charge and Meter Charge the Company shall charge Customer a Usage Charge of \$11.00 per mlb for each one thousand pounds (mlb) of steam consumed.
- B. The Usage Charge shall be computed and billed monthly based on the consumption of steam by the Customer, as measured by the Company's meters, or estimated as set forth in the general rules and regulations.

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VEOLIA ENERGY KANSAS CITY, INC.
RATES FOR STEAM SERVICE
INTERRUPTIBLE HEATING SERVICE ("IHS") SCHEDULE

Veolia Energy Kansas City, Inc. (the "Company") shall provide steam service at the rates set forth below under the provisions of Customer service agreements which shall include the provisions of the Company's general rules and regulations in effect and on file and the Commission's applicable general orders.

I. AVAILABILITY.

This rate schedule is available to any Customer meeting the eligibility requirements for Interruptible Heating Service under all of the following conditions:

In order to qualify for the IHS rate, a Customer must already be receiving steam service under any rate schedule, be a new Customer at a location currently receiving steam service or a new location that has not received steam service, or be an existing steam Customer initiating service at a new location.

- A. A qualifying Customer must have on Customer's Premises a permanent, operable steam or hot water space heating source installed prior to 2018 either located on-site sized to provide for the Customer's total space heating requirement or be permanently connected via permanent piping to a Company-approved permanent, operable steam or hot water space heating source located in an adjacent building sized to provide for the Customer's total space heating requirement.
- B. The Customer agrees to use steam delivered by Company to satisfy all the Customer's space heating requirements otherwise supplied by the on-site space heating source.
- C. Notwithstanding any other provisions hereof, Company may decline to enter into any steam service agreement for Interruptible Heating Steam Service when, in Company's sole judgment, Company has insufficient resources to carry out its obligations under the agreement.
- D. There is no limit to a qualifying Customer's annual steam consumption.
- E. As of the effective date of this rate schedule at the request of the Company, a Customer desiring service under this rate schedule must certify to Company's satisfaction (continued on next page)

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RATES FOR STEAM SERVICE
INTERRUPTIBLE HEATING SERVICE ("IHS") SCHEDULE

IV. MONTHLY BILL.

The bill for steam delivered each monthly billing period under this rate schedule shall be the sum of the Meter Charge, Usage Charge, one-twelfth of the Annual Demand Charge, and applicable taxes and fees as follows:

- A. Irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge of \$100 per month for the first meter and \$50 per month for each additional meter. The Company generally will install one meter to measure service to a Customer's premises. In certain circumstances, more than one meter may be necessary in order to properly register steam usage over a Customer's entire load range. In those instances, the Company will install an additional meter(s).
- B. The Company shall charge Customer a Usage Charge of \$11.00 per mlb for each thousand pounds (mlbs) of steam consumed.
- C. Annual Demand Charge
 - (i) Heating Period is defined as a period of steam service from November 1 through March 31.
 - (ii) Peak Usage is the Customer's highest hourly peak consumption of steam in any sixty minute interval during the immediately preceding, completed Heating Period.
 - (iii) Demand Charges will be recalculated each year in April and apply to all billings for services rendered after March 31.

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(iv) The Annual Demand Charge shall equal the number of dollars as calculated based on the rate table below and the Customer's Peak Usage as determined above.

Annual Demand Charge is:

First 3.0 mlbs/hour of peak usage:

\$9,260.91 per mlb/hour up to \$27,782.73.

Over 3.0 and less than or equal to 6.0 mlbs/hour of peak usage:

\$27,782.73 plus \$8,334.82 for each 1.0 mlbs/hr over 3.0 mlbs/hr.

Over 6.0 and less than or equal to 9.0 mlbs/hour of peak usage:

\$52,787.19 plus \$7,501.34 for each 1.0 mlb/hr over 6.0 mlbs/hr.

Over 9.0 and less than or equal to 12.0 mlbs/hour of peak usage:

\$75,291.21 plus \$6,751.21 for each 1.0 mlb/hr over 9.0 mlbs/hr.

Over 12.0 and less than or equal to 15.0 mlbs/hour of peak usage:

\$95,544.84 plus \$6,076.09 for each 1.0 mlb/hr over 12.0 mlbs/hr.

Over 15.0 mlbs/hour of peak usage:

\$113,773.11 plus \$5,468.48 for each 1.0 mlb/hr over 15.0 mlbs/hr.

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VEOLIA ENERGY KANSAS CITY, INC.
RATES FOR STEAM SERVICE
RESIDENTIAL HIGH-RISE ("RHR") SCHEDULE

Veolia Energy Kansas City, Inc. (the "Company") shall provide steam service at the rates set forth below under the provisions of Customer service agreements which shall include the provisions of the Company's general rules and regulations in effect and on file and the Commission's applicable general orders.

I. AVAILABILITY.

All residential Customers located in multi-story buildings, including office building conversions to residential use and/or mixed commercial and residential use, with a minimum of 6,000 square feet of residential living space under contract to purchase district steam. This rate is only applicable to residential Customers, whether renting or owning tenant space.

II. STEAM CHARGE.

In addition to any Meter Charge, the Company shall bill Customer a monthly Steam Charge (in thousand pounds of steam or "mlbs") based on Customer's actual metered usage in the prior month:

- A. The Company shall charge Steam Charge of \$21.26 (\$11.00 + \$10.26) per mlb for all mlbs of steam consumed.
- B. The Steam Charge shall be computed and billed monthly based on the consumption of steam by the Customer, as measured by the Company's meters, or estimated as set forth in the general rules and regulations.

III. METER CHARGE.

In addition to any Usage Charge, and irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge by reference to the rate table below:

- For each meter cost up to \$500, a per month charge of \$5.63.
- For each meter cost over \$500 and up to \$1,000, a per month charge of \$11.26.
- For each meter cost over \$1,000 and up to \$1,500, a per month charge of \$16.89.
- For each meter cost over \$1,500 and up to \$2,000, a per month charge of \$22.51.
- For each meter cost over \$2,000 and up to \$2,500, a per month charge of \$28.14.

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VEOLIA ENERGY KANSAS CITY, INC.
RATES FOR STEAM SERVICE
CAPACITY RESERVE AND EMERGENCY SERVICE ("CR/ES") SCHEDULE

III. RATE.

The Customer shall pay for all steam delivered under an executed Steam Service Agreement in accordance with this rate schedule (CR/ES). Any renewals of this agreement shall be at this or any superseding rate schedule(s) applicable to this service as filed with the Missouri Public Service Commission and as may be lawfully revised from time-to-time.

IV. MONTHLY BILL.

The bill for steam delivered each monthly billing period under this rate schedule shall be the sum of the Meter Charge, Usage Charge, one-twelfth of the Annual Demand Charge, and applicable taxes and fees as follows:

A. Irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge of \$100 per month for the first meter and \$50 per month for each additional meter. The Company generally will install one meter to measure service to a Customer's premises. In certain circumstances, more than one meter may be necessary in order to properly register steam usage over a Customer's entire load range. In those instances, the Company will install an additional meter(s).

B. The Company shall charge Customer a Usage charge of \$11.00 per mlb for each thousand pounds (mlbs) of steam consumed.

C. Annual Demand Charge.

As part of the executed Steam Service Agreement, the Customer shall nominate the peak usage for which it desires to receive service under the CR/ES as emergency back-up supply or to supplement steam produced by Customer-owned equipment. In the event that the actual peak usage exceeds the nominated peak usage, the actual peak usage will apply in the next monthly billing cycle.

(i) Heating Period is defined as a period of steam service from November 1 through March 31.

(ii) Peak Usage is the Customer's highest hourly peak consumption of steam in any sixty minute interval during the current Heating Period or the immediately preceding completed Heating Period.

(iii) Demand Charges will be recalculated whenever a new peak usage is

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achieved that exceeds the nominated peak usage.

- (iv) The Annual Demand Charge shall equal the number of dollars as calculated based on the rate table below and based on the Customer's Peak Usage as determined above.

Annual Demand Charge is:

First 3.0 mlbs/hour of peak usage:

\$8,756.52 per mlb/hour up to \$26,269.56.

Over 3.0 and less than or equal to 6.0 mlbs/hour of peak usage:

\$26,269.56 plus \$7,880.87 for each 1.0 mlbs/hr over 3.0 mlbs/hr.

Over 6.0 and less than or equal to 9.0 mlbs/hour of peak usage:

\$49,912.17 plus \$7,092.78 for each 1.0 mlb/hr over 6.0 mlbs/hr.

Over 9.0 and less than or equal to 12.0 mlbs/hour of peak usage:

\$71,190.51 plus \$6,383.50 for each 1.0 mlb/hr over 9.0 mlbs/hr.

Over 12.0 and less than or equal to 15.0 mlbs/hour of peak usage:

\$90,341.01 plus \$5,745.15 for each 1.0 mlb/hr over 12.0 mlbs/hr.

Over 15.0 mlbs/hour of peak usage:

\$107,576.46 plus \$5,170.64 for each 1.0 mlb/hr over 15.0 mlbs/hr.

V. ADJUSTMENTS, SURCHARGES AND CREDITS.

The rates and charges hereunder are subject to adjustments, surcharges or credits pursuant to the Production Adjustment Cost Clause (“PACC”).

VI. TAX ADJUSTMENT.

There shall be added to the monthly bill of the Customer, as separate items, a surcharge equal to the proportionate part of any license, occupation or other similar fee or tax applicable to steam service by the Company to the Customer, which fee or tax is imposed upon the Company by taxing authorities on the basis of the gross receipts, net receipts or revenues from the steam sales by the Company.

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VEOLIA ENERGY KANSAS CITY, INC.
RATES FOR STEAM SERVICE
PRODUCTION ADJUSTMENT COST CLAUSE (“PACC”)

All sales to Customers qualifying under the General Rates for Steam Service (PSC Mo. No. 1) offered by Veolia Energy Kansas City, Inc. (the "Company"), except for the Customers receiving service under the Residential High Rise rate schedule, shall be subject to adjustment according to this Production Adjustment Cost Clause (“PACC”) Rider.

I. AVAILABILITY.

Costs passed through this PACC Rider reflect ninety-five percent (95%) of the difference between actual fuel, purchased power, and consumable costs and these costs as set in base rates. The base PACC factor developed to reflect qualifying production costs is seven dollars and eighteen cents per thousand pounds of steam (\$7.18/mlb). For the purpose of this PACC rider “production costs” are the fuel and purchased power and consumable costs fully defined in Sections III.A and III.B below.

The Company will file annual, with an option for semi-annual, rate adjustments to reflect 95% of the changes to production costs.

Many Customers purchase reduced or no steam during summer months. To mitigate potential cost shifting between Customers and/or Customer classes due to seasonally unique steam usage patterns, each PACC filing plus any reconciling adjustments, will be billed to each individual Customer in twelve (12) equal installments based on each Customer’s actual steam usage during the originating accumulation period. PACC adjustment charges are in addition to all other charges otherwise billable to each Customer under applicable tariff provisions.

II. CALCULATIONS.

A. Current PACC Rate:

The Current PACC rate factor is designed to reflect each Customer’s share of the variation in production costs for the most recent accumulation period. The difference between actual production costs and the amount of production costs covered by base rates (both on a dollar basis) is multiplied by 95% and then divided by the total metered steam sales during the accumulation period to quantify the PACC adjustment factor. To determine the amount of an individual Customer’s responsibility, the PACC adjustment factor (on a \$/mlb basis) is

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multiplied by the actual steam sales (mlb) to that individual Customer during the accumulation period, with the resulting dollar amount charged or credited to the Customer in twelve equal installments.

PACC_t = PACC adjustment factor developed to reflect ninety-five percent of the variation in production costs for all steam sales during the accumulation period.

$$PACC_t = [95\% \times (FCAP - FCBR)] / BDAP_t$$

PACC_i = Share of the variation in production costs for an individual tariff Customer during the most recent accumulation period, billable in twelve equal installments to each individual Customer during the twelve months recovery period.

$$PACC_i = PACC_t \times BDAP_i$$

Where:

FCAP = Actual production costs expressed as a total dollar amount during the accumulation period. Applicable costs through November 30, 2018 are Accounts 5011, 5012, 5013, 5017, 5021 and 5022. Beginning December 1, 2018, the applicable Accounts are 5011, 5012, 5017, 5021, 5022 and 5027.

FCBR = Production costs covered by the PACC base factor [\$7.69 through November 30, 2018 (and \$7.18/mlb thereafter) x BDAP_t].

BDAP_t = Billing Determinants (mlb of steam sales) for all metered steam sales during the accumulation period, corresponding with the period of production cost variances.

BDAP_i = Billing Determinants (mlb of steam sales) for an individual tariff Customer during the accumulation period, corresponding with the period of production cost variances.

95% = The percentage of the variance in production costs allocable to Customers.

B. Reconciling Adjustments:

At the end of the twelve (12) month recovery period for each accumulation period variance, the sum collected from all tariff Customers will be compared to the revenues intended to be collected from all tariff Customers. Any over-collection of intended revenues will be applied to Customer bills through a Reconciling

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Adjustment. The Company shall use an amortization period of twelve (12) months to refund/credit or Charge any remaining over-collection or under-collection through the Reconciling Adjustment to Customers. Other fuel and consumable cost refunds or credits that arise through the operation of the PACC may flow through as a Reconciling Adjustment, as approved by the Commission.

The Reconciling Adjustment shall be calculated and applied in a manner similar to the PACC_t and PACC_i.

C. Accumulation and Recovery Periods:

The Company will submit filings to the Commission for the accumulation period pursuant to this PACC Rider by the first day of the month following the end of the accumulation period.

Single Annual Filing		
Accumulation Period	Filing Date	Recovery Period
AP1: Jan - Dec	February 1	RC1: Apr – Mar
Two Semi-Annual Filings		
Accumulation Period	Filing Date	Recovery Period
AP(1a): Jan – Jun	August 1	RC(1a): Oct - Sep
AP(1b): Jul - Dec	February 1	RC(1b): Apr - Mar

III. DEFINITION OF PACC PRODUCTION COSTS.

A. Fuel Costs. The cost of fuel shall be amounts recorded in the following regulatory accounts:

5011 Fuel expense - natural gas: This account includes the cost of natural gas purchased from pipeline suppliers for use in the production of steam for

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sale to ultimate customers or for the generation of electricity for station use. The cost of natural gas will include the burner tip cost of physical gas deliveries. No internal Company labor is charged to this account.

5012 Fuel expense - natural gas transport: This account includes the cost of transporting natural gas purchased from pipeline suppliers to delivery to the metering point(s) at Company production facilities, including Local Distribution Company (LDC) transportation charges. No internal Company labor is charged to this account.

5013 Fuel expense - coal (including delivery, handling & testing): This account includes the cost of coal used in the production of steam for sale to ultimate customers and for the generation of electricity for station use. This account will reflect the average cost of coal inventory and expenses for routine coal sampling, testing, delivery, unloading, and management. Subcontractor services are used for coal handling and management up to the point where the coal leaves the fuel yard and enters the plant. No internal Company labor is charged to this account.

5017 Fuel expense - purchased electricity: This account includes the cost at point of receipt by the utility of electricity purchased at retail tariff rates for station use in the production of steam for sale to ultimate customers and the cost of electricity used in the distribution system. The cost of purchased electricity will include all electricity purchases. No internal Company labor is charged to this account.

The amounts expensed in these accounts will be based on the above definitions for inclusion of costs in these accounts.

B. Consumable Costs. The cost of consumables shall be amounts recorded in the following regulatory accounts:

5021 Consumable expense - water: This account includes the cost of boiler

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feed water and pumping supplies primarily purchased from the City of Kansas City and other charges assessed by the water department of the City of Kansas City, including a fire protection inspection charge. No internal Company labor charged to this account should be included in the PACC.

5022 Consumable expense - sewer: This account includes the cost of waste water and storm water service charges from the City of Kansas City for condensate associated with steam delivered to the ultimate customers located within the City. No internal Company labor is charged to this account.

5027 Consumable expense - chemicals: This account includes the cost of the primary chemicals required to cost-effectively treat Missouri River water and significantly reduce water purchases from the City of Kansas City. No internal Company labor is charged to this account.

The amounts expensed in these accounts will be based on the above definitions for inclusion of costs in these accounts, consistent with accrual accounting under the FERC Uniform System of Accounts. The cost of water and sewer, representing the largest consumable cost elements, will encompass all invoiced costs from the City of Kansas City, Missouri.

- C. Effective Date and Rate Case Filings. The PACC rate was originally effective on January 1, 2015. From the effective date, as long as the PACC is in place, the Company shall file a general rate case no later than every four (4) years.
- D. Prudence Reviews. Reconciling Adjustments may result from periodic prudence reviews and revenue collection true-up calculations. Any adjustments found necessary by the Commission pursuant to a prudence review shall be treated as a Reconciling Adjustment unless the Commission orders a separate refund. The period for any prudence review refund ordered by the Commission treated as a Reconciling Adjustment shall be in equal installments over a period not less than twelve (12) months, provided that a period of twenty-four (24) months may be used, if needed in the Company’s discretion, to minimize the effect of extraordinary costs.

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Any Customer or group of Customers may file an application using the existing complaint process to initiate a prudence review.

Whether initiated by normal Staff review or the complaint process, there will be no prudence review rate adjustment unless the rate adjustment exceeds 5% of the total fuel and consumable costs incurred during the period under review.

- E. Interest. The PACC filings and adjustments will not include any interest or carrying costs related to the timing of fuel and consumable cost recovery.
- F. Monthly and Surveillance Reporting: The Company shall file monthly and surveillance reports as fully defined in the Stipulation and Agreement to Case No. HR-2014-0066.

IV. RATES.

A. Current PACC Rate Adjustment Factor Table.

Period	First Effective Date	Last Effective Date	PACC _t
Jan 1, 2017- Dec 31, 2017	April 1, 2018	March 31, 2019	(\$0.16412)

B. Reconciliation Adjustment Table.

Period	First Effective Date	Last Effective Date	PACC _t

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PRODUCTION ADJUSTMENT COST CLAUSE (“PACC”)**

Calculation of Current PACC Adjustment Factor

Accumulation Period Beginning	<u>January 1, 2017</u> (Month, Day, Year)	and Ending	<u>December 31, 2017</u> (Month, Day, Year)
1. Actual Production Costs (FCAP)			\$12,323,575.59
2. Base PACC Production Costs (FCBR) [Note 1]	= \$7.69/mlb * BDAP _t = \$7.18/mlb * BDAP _t		\$12,606,752.57
4. Variance (FCAP – FCBR)	Line 1 - Line 2		<u>\$(283,176.98)</u>
5. Customer Responsibility (95%)	Line 4 * 0.95		\$(269,018.14)
6. Reconciliation Amount			\$0
7. Prudence Adjustment Amount			\$0
8. Total Dollar Amount to Determine Adjustment Factor	Line 5 + Line 6 + Line 7		\$(269,018.14)
9. Accumulation Period Metered Steam Sales	mlb		1,639,135
10. Production Adjustment Factor (PACC _t)	Line 8 / Line 9		\$(0.16412)/mlb

Note 1: Base PACC Production Costs of \$7.69/mlb is effective through November 30, 2018.
Base PACC Production Costs of \$7.18/mlb is effective on and after December 1, 2018.

DATE OF ISSUE 11 2 2018
month day year

DATE EFFECTIVE 12 2 2018
month day year

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