

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 7<sup>th</sup> day of November, 2018.

In the Matter of Veolia Energy Kansas City, Inc.'s Request to Initiate a Small Utility Rate Case )  
) **File No. HR-2018-0341**  
) Tracking No. YH-2019-0076

**ORDER APPROVING STIPULATION AND AGREEMENT**

Issue Date: November 7, 2018

Effective Date: November 17, 2018

On May 10, 2018, Veolia Energy Kansas City, Inc. (“Veolia”) filed a letter with the Missouri Public Service Commission (“Commission”) requesting that the Commission approve an increase in its annual operating revenues. This letter initiated a rate case under Commission Rule 4 CSR 240-3.050, the Small Utility Rate Case Procedure, which describes the procedures by which small utilities may request increases in their overall annual operating revenues. This rule, while now rescinded, was effective when Veolia requested an increase.

On October 26, 2018, a Non-Unanimous Stipulation and Agreement (“Agreement”) was filed by Veolia and the Staff of the Missouri Public Service Commission (“Staff”). The Office of the Public Counsel was not a signatory to the Agreement, but did not object to it, and did not request a hearing. Commission Rule 4 CSR 240-2.115(2)(C) allows the Commission to treat a non-unanimous stipulation and agreement as a unanimous stipulation and agreement if no party objects within seven days. No party filed a timely objection to the Agreement.

The Agreement settles all issues among the parties in this case. It includes a revenue requirement increase of \$463,597 (6.8 percent), a capital structure of 51.78 percent common equity and 48.22 percent long-term debt, a return on equity of 9.7 percent, and cost of debt of 4.49 percent. The after tax rate of return is 7.19 percent. The proposed rates reflect a revenue increase of approximately 2 percent above system average to the Interruptible Heating Service class capacity charge with a residual equal percentage increase across the board to all other rate classes. Meter charges remain unchanged. The parties incorporated the effect of the 2017 Tax Cuts and Jobs Act in calculating the revenue deficiency. Veolia quantified the amount of excess Accumulated Deferred Income Tax and the reserve amount was recognized as an offset to rate base. All excess was transferred to a regulatory liability account and will act as a credit to ratepayers over a 20-year amortization term.

On November 2, 2018, Veolia filed a motion for expedited treatment of compliance tariff revisions and corresponding tariff sheets (YH-2019-0076) bearing an effective date of December 1, 2018. On November 5, 2018, Veolia filed substitute tariff sheets bearing an effective date of December 2, 2018. Staff reviewed the compliance tariff sheets and filed a report on November 6, 2018, indicating that the tariff sheets conformed to the Agreement. No other recommendations regarding the compliance tariff sheets were received.

Based on the Commission's independent review of the unopposed Agreement, the Commission finds that the Agreement is consistent with the public interest and provides Veolia with a cash flow sufficient for it to provide safe and adequate service.

The Commission will incorporate the terms of the Agreement into this order and order all parties to comply with the terms of the Agreement as set forth in Attachment 1.

The Commission finds that Veolia's tariff sheets comply with the Agreement, and will therefore approve them. Furthermore, the Commission will grant the request of Staff and waive the 45 day effective date requirement of Commission Rule 4 CSR 240-10.075(11)(C), and the 30 day effective date requirement of 393.140(11) RSMo, for good cause. Veolia states that making the rates effective after December 1, 2018, would cause problems with the operation of its Production Adjustment Cost Clause and would also cause problems with Veolia's billing cycle. Additionally, the current rates are not just and reasonable, the proposed rates are just and reasonable, and making the proposed rates effective December 1, 2018, complies with the Agreement.

**THE COMMISSION ORDERS THAT:**

1. The Non-Unanimous Stipulation and Agreement filed on October 26, 2018, is approved and incorporated into this order as if fully set forth herein. The Signatories shall comply with the terms of the Agreement. A copy of the Agreement is attached to this order as Attachment 1.

2. The following substitute tariff sheets filed by Veolia on November 5, 2018, and assigned Tracking No. YH-2019-0076, are approved to become effective on December 1, 2018:

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**P.S.C. MO. No. 1**

6<sup>th</sup> Revised Sheet No. 5, Canceling 5<sup>th</sup> Revised Sheet No. 5  
5<sup>th</sup> Revised Sheet No. 9, Canceling 4<sup>rd</sup> Revised Sheet No. 9  
4<sup>rd</sup> Revised Sheet No. 10, Canceling 3<sup>rd</sup> Revised Sheet No. 10  
5<sup>th</sup> Revised Sheet No. 13, Canceling 4<sup>th</sup> Revised Sheet No. 13  
4<sup>th</sup> Revised Sheet No. 16, Canceling 3<sup>rd</sup> Revised Sheet No. 16  
4<sup>th</sup> Revised Sheet No. 17, Canceling 3<sup>rd</sup> Revised Sheet No. 17

- 1<sup>st</sup> Revised Sheet No. 19, Canceling Original Sheet No. 19
- 1<sup>st</sup> Revised Sheet No. 23, Canceling Original Sheet No. 23
- 1<sup>st</sup> Revised Sheet No. 24, Canceling Original Sheet No. 24
- 1<sup>st</sup> Revised Sheet No. 31, Canceling Original Sheet No. 31
- 1<sup>st</sup> Revised Sheet No. 32, Canceling Original Sheet No. 32
- 1<sup>st</sup> Revised Sheet No. 33, Canceling Original Sheet No. 33
- 1<sup>st</sup> Revised Sheet No. 34, Canceling Original Sheet No. 34
- 1<sup>st</sup> Revised Sheet No. 35, Canceling Original Sheet No. 35
- 4<sup>th</sup> Revised Sheet No. 36, Canceling 3<sup>rd</sup> Revised Sheet No. 36
- 4<sup>th</sup> Revised Sheet No. 37, Canceling 3<sup>rd</sup> Revised Sheet No. 37

3. This order shall become effective November 17.

**BY THE COMMISSION**



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Silvey, Chm., Kenney, Hall, Rupp, and  
Coleman, CC., concur.

Clark, Regulatory Law Judge