

**UNANIMOUS AGREEMENT REGARDING DISPOSITION OF
SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

VICINITY ENERGY KANSAS CITY, INC.

MO PSC FILE NO. HR-2024-0370

BACKGROUND

On June 19, 2024, Vicinity Energy Kansas City, Inc., (“Vicinity KC” or “the Company”), filed its *Request for Staff Review of Operating Revenues* (“Request”) through the *MO PSC Staff Assisted Rate Case Procedure*¹, Case No. HR-2024-0370. This request is in due to extraordinary natural gas costs during Winter Storm Uri in February of 2021 charged to them by their provider, now that a settlement has been reached. These costs were previously deferred in Case No. HR-2023-0198 due to ongoing litigation and settlement negotiations. Vicinity KC is requesting the Missouri Public Service Commission (“Commission”) approve a Severe Storm Recovery Mechanism (“SSRM”) rider to its tariff.

Vicinity KC provides steam at Commission regulated tariff rates to approximately 42 customers in the downtown Kansas City area. Vicinity KC also provides non-regulated, non-tariffed process steam to two industrial customers through negotiated bilateral special contracts. These customers take possession of the steam at Vicinity KC’s steam plant. In addition, Vicinity KC provides steam to non-Commission regulated Vicinity Energy Missouri (“VEMO”), which uses the steam as motive power to provide chilling services to ten customers in the downtown Kansas City area. The Company provides service to approximately 47 customers in the downtown Kansas City area.

Pursuant to the provisions of the Staff Assisted Rate Case Procedure and related internal operating procedures, Staff initiated an audit of the Company’s books and records, a review of the Company’s invoices and agreements with its natural gas provider, and a review of the Company’s existing tariff. The items reviewed were in relation to the invoice the Company

¹ 20 CSR 4240-10.075

received for natural gas during the severe storm event of Winter Storm Uri. These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.

Upon completion of its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with information regarding the results of Staff's investigation, including Staff's initial recommendations for resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's request, Staff the Company, and OPC hereby state the following agreements:

- (1) The parties agreed to the addition of the SSRM rider to the Company's tariff to be effective January 1, 2025. The proposed SSRM rider is added as Attachment A;
- (2) The parties agreed to allow the Company to collect a total of \$10,186,283.53 in approved costs for the Winter Storm Uri event that occurred from February 11th through the 19th of 2021, as described on Sheet No. 43, page 5, of the SSRM rider attached as Attachment A. This storm event's costs will be collected from January 1, 2025 through December 31, 2028;
- (3) Customers subject to a SSRM rate may pay extra at any time to more quickly eliminate their portion of the approved costs the Company is allowed to recover;
- (4) Customers subject to a SSRM rate are allowed at any time to contact the Company to obtain a history of payments and any remaining balance amount;
- (5) Reconciling Adjustments will be processed in accordance with the proposed tariff language:
 - a. During the recovery term but no later than the end of such period, the sum collected from all tariff customers will be compared to the revenues intended to be collected from all tariff customers.
 - b. Any over-or under-collection of intended revenues will be applied to customer bills through a final Reconciling Adjustment.

- c. 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.
 - d. Revisions due to audit adjustments or other cost corrections that arise through the operation of the SSRM may flow through as a Reconciling Adjustment, as approved by the Commission.
- (6) The overall rate base amount will not change for the Company in this proceeding;
- (7) The rate base and Production Adjustment Cost Clause (“PACC”) base amount will not change for the Company;
- (8) The parties agree that all terms and conditions of Vicinity’s tariff, and the conditions set forth in the Non-Unanimous Stipulation and Agreement approved by the Commission in HR-2023-0198, are adopted except as specifically noted by the terms of this Disposition Agreement. This includes the requirement for Vicinity to file a rate case no less than every four years if the PACC is to be retained. The 2023 Unanimous Stipulation is included as Attachment B;
- (9) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement;
- (10) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Disposition Agreement;
- (11) The Company, Staff, and Public Counsel agree that they have read the foregoing Unanimous Disposition Agreement, that facts stated therein are true and accurate to the best of the Company’s knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement;
- (12) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel, and the Company regarding the Company’s request, except as otherwise specifically stated herein as additional matters.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Unanimous Disposition Agreement reflect compromises between the Staff, Public Counsel and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the change in annual operating revenue specified herein.

The Company, Public Counsel and Staff acknowledge that Staff will be filing this Unanimous Disposition Agreement and the attachments hereto, in the existing case and that the Company will file the proposed tariff revisions called for in the agreement. The Company and Public Counsel also acknowledge that Staff may make other filings in this case.

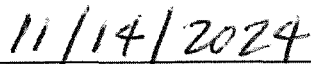
Additionally, the Company and Public Counsel agree that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Unanimous Disposition Agreement, if the Commission requests one at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

Agreement Signed and Dated:



Scott Stordahl
General Manager
Vicinity Energy Kansas City, Inc.



Date



Curt Gateley
Manager – Water, Sewer, Gas & Steam Department
Missouri Public Service Commission Staff



Date

List of Attachments

Attachment A – Proposed Severe Storm Recovery Mechanism Rider

Attachment B – 2023 Unanimous Stipulation

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Vicinity Energy Kansas) File No. HR-2024-0370
City, Inc.'s Small Utility Rate Case)

AFFIDAVIT OF MELANIE MAREK

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MELANIE MAREK, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

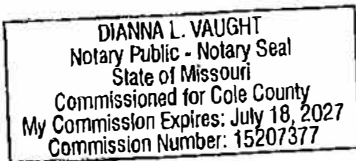
Further the Affiant sayeth not.

Melanie Marek
MELANIE MAREK

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of November 2024.

Dianna L. Vaught
Notary Public



P.S.C.MO. NO. _____ 1 _____

Original) SHEET No. _____ 39 _____

Cancelling P.S.C.MO. NO. _____

(Revised)

(Original) SHEET No. _____

(Revised)

VICINITY ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

SEVERE STORM RECOVERY MECHANISM ("SSRM")

I. AVAILABILITY.

Prudent severe storm costs passed through this SSRM tariff are those associated with the impact Winter Storm Uri had on natural gas prices from February 11-19, 2021, and which total \$10,186,283.53. These costs include extraordinary fuel, transportation, purchased power, consumable costs, litigation and direct interest or financing costs approved by the Commission. Charges billable pursuant to this SSRM tariff will only apply to customers receiving service during the period designated as a severe storm event.

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 SSRM filing (and any reconciling adjustments) will be billed to each individual Customer in equal installments, over a four year period, based on each Customer's actual steam usage during the severe storm event. SSRM adjustment charges are in addition to all other charges otherwise billable to each Customer under applicable tariff provisions and will appear as a separate line item on each affected Customer's bill.

II. CALCULATIONS.

A. SSRM Rate:

The SSRM rate factor is designed to reflect each Customer's share of the recoverable severe storm costs incurred during the identified storm event. The severe storm costs recoverable from tariff customers are divided by the total tariff customer metered steam sales during the storm event to quantify the SSRM adjustment factor. To determine the amount of an individual Customer's responsibility, the SSRM adjustment factor (on a \$/mlb basis) is multiplied by the actual steam sales (mlb) to that individual Customer during the storm event, with the resulting dollar amount charged (or credited) to the Customer in equal monthly installments over the defined recovery term.

SSCF_t = Severe Storm Cost ("SSC") adjustment factor developed to reflect the recoverable storm costs for all tariff steam sales during the storm event period.

$$SSCF_t = SSC / BDSE_t$$

SSC_i = Share of the recoverable storm costs for an individual tariff Customer during the storm event period, billable in equal monthly installments to each individual Customer during the allowed recovery period term.

DATE OF ISSUE 12 15, 2024
month day year

DATE EFFECTIVE 1 1, 2025
month day year

ISSUED BY: Scott Stordahl, GENERAL MANAGER
name of officer title

115 GRAND AVENUE BLVD.
KANSAS CITY, MO 64106
address

P.S.C.MO. NO. 1

Original) SHEET No. 40

(Revised)

Cancelling P.S.C.MO. NO. _____

(Original) SHEET No. _____

(Revised)

VICINITY ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

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$$SSC_i = SSCF_t \times BDSE_i$$

MSCB_i = Monthly Storm Cost Billing ("MSCB") to an individual tariff customer over the defined recovery term.

$$MSCB_i = SSC_i / RT$$

Where:

SSC = Severe storm costs allowed for recovery from tariff customers, expressed as a dollar amount incurred during the defined storm event period. Allowable costs may include fuel, transportation, purchased power, consumable costs, litigation and direct interest or financing costs or other Commission approved costs. Such costs shall exclude any amounts recoverable from non-tariff customers.

BDSE_t = Total Usage (mlb of steam sales) for all tariff Customers during the severe storm event period.

BDSE_i = Usage (mlb of steam sales) for an individual tariff Customer during the severe storm event period.

RT = Approved recovery term expressed in months.

B. Reconciling Adjustments:

During the recovery term but no later than the end of such period, the sum collected from all tariff Customers will be compared to the revenues intended to be collected from all tariff Customers. Any over-or under-collection of intended revenues will be applied to Customer bills through a final Reconciling 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. Revisions due to audit adjustments or other cost corrections that arise through the operation of the SSRM may flow through as a Reconciling Adjustment, as approved by the Commission.

The Reconciling Adjustment shall be calculated and applied in a manner consistent with the MSCB_i.

III. SSRM ADMINISTRATION.

A. Recoverable Costs. Commission approval of both the amount of recoverable costs and the recovery term is a prerequisite to the commencement of collection through this SSRM tariff. Since variances in costs typically recorded in the following regulatory accounts are

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P.S.C.MO. NO. _____ 1 _____

Original) SHEET No. _____ 41 _____

Cancelling P.S.C.MO. NO. _____

(Revised)

(Original) SHEET No. _____

(Revised)

VICINITY ENERGY KANSAS CITY, INC.

For KANSAS CI TY, MISSOURI

Name of Issuing Corporation

Community, Town or City

includable and recoverable through the PACC tariff, any severe storm costs must be removed from the calculation of PACC includable costs to be eligible for recovery through this SSRM tariff:

- 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 sale to ultimate customers or for the generation of electricity for station use.
- 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.
- 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 electricity used in the distribution system.
- 5021 Consumable expense - water: This account includes the cost of boiler 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.
- 5022 Consumable expense - sewer: This account includes the cost of wastewater 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.
- 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.

B. Effective Date and Cost Recovery. The SSRM tariff initially applies to the recovery of approved costs related to the Winter Storm event from those previous or current tariff customers who contributed to the incurrence of such costs. Tariff customer billings under the SSRM tariff are proposed to first commence on the date specified in Section IV below.

Charges under this tariff will appear as a separate line item on Customer bills. Upon fulfillment of an individual Customer's obligation under this tariff, the SSRM charge will be removed from that Customer's monthly billing statement.

All costs recovered through operation of this SSRM tariff will be excluded from the development of base rates in a general rate case and from recovery via the PACC tariff.

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ISSUED BY: Scott Stordahl, GENERAL MANAGER
name of officer title

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address

P.S.C.MO. NO. 1

Original) SHEET No. 42

(Revised)

Cancelling P.S.C.MO. NO. _____

(Original) SHEET No. _____

(Revised)

VICINITY ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

D. Staff Review. Reconciling Adjustments may result from periodic rate case reviews and revenue collection true-up calculations. Any adjustments found necessary by the Commission shall be treated as a Reconciling Adjustment unless the Commission orders separate treatment.

Any Customer or group of Customers may file an application with the Commission using the existing complaint process to initiate a review of SSRM collections and administration.

E. Interest. SSRM filings and adjustments may include, under Section IIIB, actual interest or financing costs charged to the Company as a result of credit or borrowing costs incurred, claim(s) or litigation settlement agreements, but will not include any interest or carrying costs as compensation to the Company during the approved cost recovery period.

The Company may enter into a separate agreement with an individual tariff Customer to either shorten or extend the period of SSRM cost recovery. Any time extension beyond the approved recovery period may include an interest provision at a mutually agreeable rate to be included in the allowed amount billed to that Customer.

F. Status Reporting and Customer Payments: As part of its year-end surveillance report, the Company will report to the Commission the status of customer billings, collections, missed payments, extended payment terms and remaining unrecovered severe storm costs. During the recovery period, an individual tariff Customer may choose to prepay all or part of the remaining balance of its share of recoverable storm costs.

Termination of steam service by an individual Customer prior to full recovery of the extraordinary severe storm costs does not void that Customer's cost responsibility. In the event that an individual tariff Customer elects to terminate, or has terminated, steam service, any unpaid balance of its share of recoverable storm costs will become immediately due and payable.

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Original) SHEET No. 43

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Cancelling P.S.C.MO. NO. _____

(Original) SHEET No. _____

(Revised)

VICINITY ENERGY KANSAS CITY, INC.
Name of Issuing Corporation

For KANSAS CITY, MISSOURI
Community, Town or City

IV. SSRM RATES.

A. Current Rate Adjustment Factor Table.

Storm Event	Storm Period	Approved Costs	Customer Use (Mib)
Winter Storm Uri	February 11-19, 2021	\$10,186,283.53	29,859
First Effective Date		Last Effective Date	
January 1, 2025		December 31, 2028	
			SSCF _t
			\$341.15

B. Reconciliation Adjustment Table.

Storm Event	Basis for Reconciling Adjustment		Reconciling Amount
	First Effective Date	Last Effective Date	Reconciling SSCF _t

DATE OF ISSUE 12 15, 2024
month day year

DATE EFFECTIVE 1 1, 2025
month day year

ISSUED BY: Scott Stordahl, GENERAL MANAGER
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KANSAS CITY, MO 64106
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**NON-UNANIMOUS AGREEMENT REGARDING DISPOSITION OF
SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

VICINITY ENERGY KANSAS CITY, INC.

MO PSC FILE NO. HR-2023-0198

BACKGROUND

Vicinity Energy Kansas City, Inc. ("Company" or "Vicinity") initiated the small company revenue increase request ("Request") for steam heat service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 20 CSR 4240-10.075, Staff Assisted Rate Case Procedure ("Staff Assisted Procedure"). In its request letter, which was received at the Commission's offices on December 16, 2022, the Company set forth its request for an increase of \$1 in its total annual steam heat service operating revenues for non-fuel related expenses. The Company made the request because Section II.C of its Production Adjustment Cost Clause ("PACC") Rider, Tariff Sheet 35, requires the filing of a general rate case no less frequently than every four years. During the course of this proceeding, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request and could thus be the subject of Staff's recommendations. The Company provides service to approximately 47 customers in the downtown Kansas City area.

Pursuant to the provisions of the Staff Assisted Rate Case Procedure¹ and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.

¹ 20 CSR 4240-10.075

Upon completion of its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with information regarding the results of Staff's investigation, including Staff's initial recommendations for resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's request, Staff and the Company hereby state the following agreements:

- (1) The parties agreed to a \$0 increase in revenue requirement.² This revenue requirement is just and reasonable and, with the PACC, will continue to support the Company's cost of service. As a result, no revisions to tariff sheets are necessary for this disposition agreement;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ended September 30, 2022, updated to February 28, 2023, as the basis for the revenue requirement determined above. The audit findings can be found in Attachments A and B, incorporated by reference herein;
- (3) The rate base is \$34,816,455. The development of this amount is shown on the rate base worksheet that is found in Attachment A, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above. However, due to the settlement of not raising rates, the rates remain as is from the previous rate case, No. HR-2018-0341;
- (4) Included in Attachment C is the capital structure which includes 47.77% equity for the Company and a return on that equity of 10.79%. However, due to the settlement of not raising rates, these numbers remain as is from the previous rate case, No. HR-2018-0341;

² Attachment A shows Staff's proposed increase in the revenue requirement, but the Company has requested no increase in base rates.

- (5) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of steam heat plant depreciation rates for the Company;
- (6) The PACC base factor shall remain at \$7.18/mlb.
- (7) The Company and Staff agree that all terms and conditions of Vicinity's tariff, and the conditions set forth in the Non-Unanimous Stipulation and Agreement approved by the Commission in HR-2018-0341, are adopted except as specifically noted by the terms of this Disposition Agreement. This includes the requirement for Vicinity to file a rate case no less than every four years if the PACC is to be retained. The 2018 Unanimous Stipulation is included as Attachment E.
- (8) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Non-Unanimous Disposition Agreement;
- (9) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Non-Unanimous Disposition Agreement;
- (10) The Company and Staff agree that they have read the foregoing Non-Unanimous Disposition Agreement, that facts stated therein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement;
- (11) The Company and Staff agree to a deferral of costs associated with Winter Storm Uri, which occurred mid-February, 2021. This deferral does not guarantee full recovery nor define agreement to any recovery terms; and
- (12) The above agreements satisfactorily resolve all issues identified by Staff and the Company regarding the Company's request, except as otherwise specifically stated herein as additional matters.

Additional Matters

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Non-Unanimous Disposition Agreement reflect compromises between the Staff and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the change in annual operating revenue specified herein.

The Company and the Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached so the parties could continue discovery and negotiate a settlement. A copy of the extension agreement can be found in the above-referenced EFIS Case File for the Request.

The Company and Staff acknowledge that Staff will be filing this Non-Unanimous Disposition Agreement and the attachments hereto, in the existing case and that the Company will file the proposed tariff revisions called for in the agreement. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Non-Unanimous Disposition Agreement, if the Commission requests one at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Non-Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

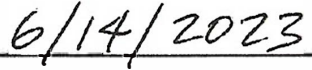
Agreement Signed and Dated:



Scott Stordahl

General Manager

Vicinity Energy Kansas City, Inc.



Date



Curt Gateley

Manager – Water, Sewer, & Steam Department

Missouri Public Service Commission Staff



Date

List of Attachments

Attachment A – Audit Staff’s Summary Accounting Schedules

Attachment B – Auditing Department Recommendation Memorandum

Attachment C – Rate of Return Worksheet

Attachment D – Schedule of Depreciation Rates

Attachment E – 2018 Unanimous Stipulation

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Vicinity Energy Kansas)
City, Inc.'s Small Company Rate Increase) File No. HR-2023-0198

AFFIDAVIT OF MELANIE M. CLARK

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Melanie M. Clark, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

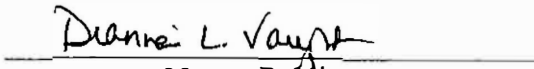
Further the Affiant sayeth not.



MELANIE M. CLARK

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of June, 2023.



Notary Public

DIANNA L VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires July 18, 2023 Commission #: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Vicinity Energy Kansas) File No. HR-2023-0198
City, Inc.'s Small Company Rate Increase)

AFFIDAVIT OF CEDRIC E. CUNIGAN, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Cedric E. Cunigan, PE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

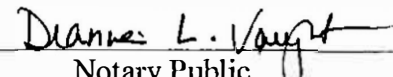
Further the Affiant sayeth not.



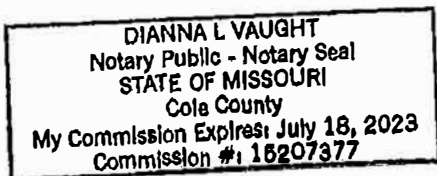
CEDRIC E. CUNIGAN, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of June, 2023.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI


In the Matter of Vicinity Energy Kansas) File No. HR-2023-0198
City, Inc.'s Small Company Rate Increase)

AFFIDAVIT OF KELLI MCKINLEY

STATE OF MISSOURI)
)) ss.
COUNTY OF COLE)

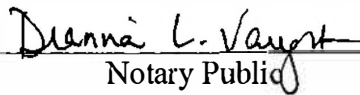
COMES NOW Kelli McKinley, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

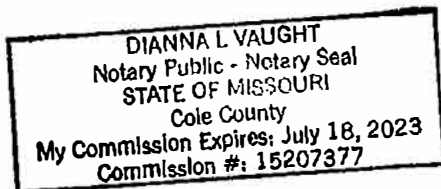
Further the Affiant sayeth not.


KELLI MCKINLEY

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of June, 2023.


Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Vicinity Energy Kansas)
City, Inc.'s Small Company Rate Increase) File No. HR-2023-0198

AFFIDAVIT OF AMANDA C. MCMELLEN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

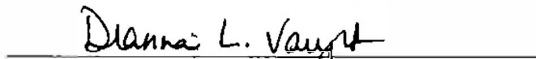
COMES NOW Amanda C. McMellen, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.


AMANDA C. MCMELLEN

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of June, 2023.


Notary Public

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commission #: 15207377

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Revenue Requirement

Line Number	A Description	B 6.95% Return	C 7.19% Return	D 7.43% Return
1	Net Orig Cost Rate Base	\$34,816,455	\$34,816,455	\$34,816,455
2	Rate of Return	6.95%	7.19%	7.43%
3	Net Operating Income Requirement	\$2,419,047	\$2,502,259	\$2,585,470
4	Net Income Available	\$1,036,892	\$1,036,892	\$1,036,892
5	Additional Net Income Required	\$1,382,155	\$1,465,367	\$1,548,578
6	Income Tax Requirement			
7	Required Current Income Tax	\$604,385	\$632,789	\$661,193
8	Current Income Tax Available	\$132,585	\$132,585	\$132,585
9	Additional Current Tax Required	\$471,800	\$500,204	\$528,608
10	Revenue Requirement	\$1,853,955	\$1,965,571	\$2,077,186
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Miscellaneous (e.g. MEEIA)	\$0	\$0	\$0
13	Gross Revenue Requirement	\$1,853,955	\$1,965,571	\$2,077,186

Vicinity Energy - Kansas City
 Case No. HR-2023-0198
 Test Year Ending 09/30/2022
 Update Period Ending 02/28/2023
RATE BASE SCHEDULE

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$79,064,780
2	Less Accumulated Depreciation Reserve		\$45,088,871
3	Net Plant In Service		<u>\$33,975,909</u>
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Contributions in Aid of Construction Amortization		\$0
7	Investment in Stored Gas		\$0
8	Materials & Supplies		\$835,064
9	Prepayments		\$5,482
10	Prepaid Pension Asset		\$0
11	Net Cost of Removal Reg. Asset		<u>\$0</u>
12	TOTAL ADD TO NET PLANT IN SERVICE		<u>\$840,546</u>
13	SUBTRACT FROM NET PLANT		
14	Federal Tax Offset	0.0000%	\$0
15	State Tax Offset	0.0000%	\$0
16	City Tax Offset	0.0000%	\$0
17	Interest Expense Offset	0.0000%	\$0
18	Contributions in Aid of Construction		\$0
19	Customer Advances for Construction		\$0
20	Deferred Taxes		\$0
21	Deferred Taxes - Total Non SLRP		\$0
22	Deferred Taxes - Allocated Plant		\$0
23	Deferred Taxes - Other Timing Differ.		\$0
24	Deferred Taxes - Other Timing Differ.		<u>\$0</u>
25	TOTAL SUBTRACT FROM NET PLANT		<u>\$0</u>
26	Total Rate Base		<u><u>\$34,816,455</u></u>

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	303.000	Miscellaneous Intangible Plant	\$0	P-2	\$0	\$0	100.0000%	\$0	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0	\$0		\$0	\$0
4		DISTRIBUTION PLANT							
5	361.000	Distribution Structures	\$58,952	P-5	\$0	\$58,952	100.0000%	\$0	\$58,952
6	362.000	Distribution Station Equipment	\$283,520	P-6	\$0	\$283,520	100.0000%	\$0	\$283,520
7	366.000	Underground Conduit	\$28,318,135	P-7	\$0	\$28,318,135	100.0000%	\$0	\$28,318,135
8	367.000	Underground Conduit and Devices	\$0	P-8	\$0	\$0	100.0000%	\$0	\$0
9	369.000	Services	\$1,455,479	P-9	\$0	\$1,455,479	100.0000%	\$0	\$1,455,479
10	370.000	Meters	\$453,235	P-10	\$0	\$453,235	100.0000%	\$0	\$453,235
11		TOTAL DISTRIBUTION PLANT	\$30,569,321		\$0	\$30,569,321		\$0	\$30,569,321
12		PRODUCTION PLANT							
13	310.000	Land and land rights	\$449,995	P-13	\$0	\$449,995	100.0000%	\$0	\$449,995
14	311.000	Structures and improvements-HR-2008-0300	\$5,010,127	P-14	\$0	\$5,010,127	100.0000%	\$0	\$5,010,127
15	311.100	Structures and Improvements-additions-post-HR-2008-0300	\$399,996	P-15	\$0	\$399,996	100.0000%	\$0	\$399,996
16	312.000	Boiler plant equipment-HR-2008-0300	\$19,503,110	P-16	\$0	\$19,503,110	100.0000%	\$0	\$19,503,110
17	312.100	Boiler plant equipment additions post HR-2008-0300	\$18,273,191	P-17	\$0	\$18,273,191	100.0000%	\$0	\$18,273,191
18	313.000	Engines&engine-drvn generators	\$0	P-18	\$0	\$0	100.0000%	\$0	\$0
19	314.000	Turbogenerator units	\$2,513,505	P-19	\$0	\$2,513,505	100.0000%	\$0	\$2,513,505
20	315.000	Accessory electrical equipment	\$959,538	P-20	\$0	\$959,538	100.0000%	\$0	\$959,538
21	316.000	Misc. power plant equipment	\$1,132,831	P-21	\$0	\$1,132,831	100.0000%	\$0	\$1,132,831
22		TOTAL PRODUCTION PLANT	\$48,242,293		\$0	\$48,242,293		\$0	\$48,242,293
23		INCENTIVE COMPENSATION CAPITALIZATION							
24	0.000	Incentive Compensation Capitalization Adj.	\$0	P-24	\$0	\$0	100.0000%	\$0	\$0
25		TOTAL INCENTIVE COMPENSATION CAPITALIZATION	\$0		\$0	\$0		\$0	\$0
26		GENERAL PLANT							
27	391.000	Office Furniture & Equipment	\$39,238	P-27	\$0	\$39,238	100.0000%	\$0	\$39,238
28	391.100	Computers	\$165,761	P-28	\$0	\$165,761	100.0000%	\$0	\$165,761
29	392.000	Transportation Equipment	\$0	P-29	\$0	\$0	100.0000%	\$0	\$0
30	394.000	Tools, Shop, & Garage Equipment	\$8,094	P-30	\$0	\$8,094	100.0000%	\$0	\$8,094
31	397.000	Communications Equipment	\$40,073	P-31	\$0	\$40,073	100.0000%	\$0	\$40,073
32	398.000	Miscellaneous Equipment	\$0	P-32	\$0	\$0	100.0000%	\$0	\$0
33	399.000	Other Tangible Property	\$0	P-33	\$0	\$0	100.0000%	\$0	\$0
34		TOTAL GENERAL PLANT	\$253,166		\$0	\$253,166		\$0	\$253,166
35		GENERAL PLANT - ALLOCATED							
36	0.000	Leasehold Improvements - Gen Plnt All	\$0	P-36	\$0	\$0	100.0000%	\$0	\$0
37	0.000	Office Equipment - Gen Plnt All	\$0	P-37	\$0	\$0	100.0000%	\$0	\$0
38	0.000	Transportation Equipment - Gen Plnt All	\$0	P-38	\$0	\$0	100.0000%	\$0	\$0
39		TOTAL GENERAL PLANT - ALLOCATED	\$0		\$0	\$0		\$0	\$0
40		TOTAL PLANT IN SERVICE	\$79,064,780		\$0	\$79,064,780		\$0	\$79,064,780

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Adjustments to Plant in Service

A	B	C	D	E	F	G
Plant Adj. Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount	Jurisdictional Adjustments	Total Jurisdictional Adjustments
Total Plant Adjustments				<u>\$0</u>		<u>\$0</u>

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0	0	0.00%
3		TOTAL INTANGIBLE PLANT	\$0		\$0		
4		DISTRIBUTION PLANT					
5	361.000	Distribution Structures	\$58,952	0.00%	\$0	32	-1.00%
6	362.000	Distribution Station Equipment	\$283,520	2.40%	\$6,804	42	-1.00%
7	366.000	Underground Conduit	\$28,318,135	2.02%	\$572,026	50	-1.00%
8	367.000	Underground Conduit and Devices	\$0	0.00%	\$0	0	0.00%
9	369.000	Services	\$1,455,479	2.50%	\$36,387	40	0.00%
10	370.000	Meters	\$453,235	0.00%	\$0	21	0.00%
11		TOTAL DISTRIBUTION PLANT	\$30,569,321		\$615,217		
12		PRODUCTION PLANT					
13	310.000	Land and land rights	\$449,995	0.00%	\$0	0	0.00%
14	311.000	Structures and improvements-HR-2008-0300	\$5,010,127	0.00%	\$0	31	-1.00%
15	311.100	Structures and Improvements-additions-post-HR-2008-0300	\$399,996	2.00%	\$8,000	31	0.00%
16	312.000	Boiler plant equipment-HR-2008-0300	\$19,503,110	0.00%	\$0	29	-4.00%
17	312.100	Boiler plant equipment additions post HR-2008-0300	\$18,273,191	2.00%	\$365,464	29	0.00%
18	313.000	Engines&engine-drvn generators	\$0	0.00%	\$0	0	0.00%
19	314.000	Turbogenerator units	\$2,513,505	0.00%	\$0	32	-1.00%
20	315.000	Accessory electrical equipment	\$959,538	0.00%	\$0	31	-1.00%
21	316.000	Misc. power plant equipment	\$1,132,831	0.00%	\$0	28	2.00%
22		TOTAL PRODUCTION PLANT	\$48,242,293		\$373,464		
23		INCENTIVE COMPENSATION CAPITALIZATION					
24		Incentive Compensation Capitalization Adj.	\$0	0.00%	\$0	0	0.00%
25		TOTAL INCENTIVE COMPENSATION CAPITALIZATION	\$0		\$0		
26		GENERAL PLANT					
27	391.000	Office Furniture & Equipment	\$39,238	4.17%	\$1,636	24	0.00%
28	391.100	Computers	\$165,761	14.30%	\$23,704	7	0.00%
29	392.000	Transportation Equipment	\$0	0.00%	\$0	0	0.00%
30	394.000	Tools, Shop, & Garage Equipment	\$8,094	3.68%	\$298	28	-3.00%
31	397.000	Communications Equipment	\$40,073	6.67%	\$2,673	15	0.00%
32	398.000	Miscellaneous Equipment	\$0	3.71%	\$0	24	11.00%
33	399.000	Other Tangible Property	\$0	0.00%	\$0	0	0.00%
34		TOTAL GENERAL PLANT	\$253,166		\$28,311		
35		GENERAL PLANT - ALLOCATED					
36		Leasehold Improvements - Gen Plnt All	\$0	0.00%	\$0	0	20.00%
37		Office Equipment - Gen Plnt All	\$0	0.00%	\$0	0	20.00%
38		Transportation Equipment - Gen Plnt All	\$0	0.00%	\$0	0	20.00%
39		TOTAL GENERAL PLANT - ALLOCATED	\$0		\$0		
40		Total Depreciation	\$79,064,780		\$1,016,992		

Note: Average Life and Net Salvage columns are informational and have no impact on the entered Depreciation Rate.

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	303.000	Miscellaneous Intangible Plant	\$0	R-2	\$0	\$0	100.0000%	\$0	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0	\$0		\$0	\$0
4		DISTRIBUTION PLANT							
5	361.000	Distribution Structures	\$738	R-5	\$0	\$738	100.0000%	\$0	\$738
6	362.000	Distribution Station Equipment	\$268,193	R-6	\$0	\$268,193	100.0000%	\$0	\$268,193
7	366.000	Underground Conduit	\$11,136,079	R-7	\$0	\$11,136,079	100.0000%	\$0	\$11,136,079
8	367.000	Underground Conduit and Devices	\$0	R-8	\$0	\$0	100.0000%	\$0	\$0
9	369.000	Services	\$1,189,070	R-9	\$0	\$1,189,070	100.0000%	\$0	\$1,189,070
10	370.000	Meters	\$450,920	R-10	\$0	\$450,920	100.0000%	\$0	\$450,920
11		TOTAL DISTRIBUTION PLANT	\$13,045,000		\$0	\$13,045,000		\$0	\$13,045,000
12		PRODUCTION PLANT							
13	310.000	Land and land rights	\$0	R-13	\$0	\$0	100.0000%	\$0	\$0
14	311.000	Structures and improvements-HR-2008-0300	\$5,308,180	R-14	\$0	\$5,308,180	100.0000%	\$0	\$5,308,180
15	311.100	Structures and Improvements-additions-post-HR-2008-0300	\$101,718	R-15	\$0	\$101,718	100.0000%	\$0	\$101,718
16	312.000	Boiler plant equipment-HR-2008-0300	\$20,484,568	R-16	\$0	\$20,484,568	100.0000%	\$0	\$20,484,568
17	312.100	Boiler plant equipment additions post HR-2008-0300	\$1,353,578	R-17	\$0	\$1,353,578	100.0000%	\$0	\$1,353,578
18	313.000	Engines&engine-drvn generators	\$0	R-18	\$0	\$0	100.0000%	\$0	\$0
19	314.000	Turbogenerator units	\$2,709,939	R-19	\$0	\$2,709,939	100.0000%	\$0	\$2,709,939
20	315.000	Accessory electrical equipment	\$1,229,582	R-20	\$0	\$1,229,582	100.0000%	\$0	\$1,229,582
21	316.000	Misc. power plant equipment	\$709,353	R-21	\$0	\$709,353	100.0000%	\$0	\$709,353
22		TOTAL PRODUCTION PLANT	\$31,896,918		\$0	\$31,896,918		\$0	\$31,896,918
23		INCENTIVE COMPENSATION CAPITALIZATION							
24		Incentive Compensation Capitalization Adj.	\$0	R-24	\$0	\$0	100.0000%	\$0	\$0
25		TOTAL INCENTIVE COMPENSATION CAPITALIZATION	\$0		\$0	\$0		\$0	\$0
26		GENERAL PLANT							
27	391.000	Office Furniture & Equipment	-\$58,560	R-27	\$0	-\$58,560	100.0000%	\$0	-\$58,560
28	391.100	Computers	\$157,205	R-28	\$0	\$157,205	100.0000%	\$0	\$157,205
29	392.000	Transportation Equipment	\$0	R-29	\$0	\$0	100.0000%	\$0	\$0
30	394.000	Tools, Shop, & Garage Equipment	-\$2,726	R-30	\$0	-\$2,726	100.0000%	\$0	-\$2,726
31	397.000	Communications Equipment	\$51,034	R-31	\$0	\$51,034	100.0000%	\$0	\$51,034
32	398.000	Miscellaneous Equipment	\$0	R-32	\$0	\$0	100.0000%	\$0	\$0
33	399.000	Other Tangible Property	\$0	R-33	\$0	\$0	100.0000%	\$0	\$0
34		TOTAL GENERAL PLANT	\$146,953		\$0	\$146,953		\$0	\$146,953
35		GENERAL PLANT - ALLOCATED							
36		Leasehold Improvements - Gen Plnt All	\$0	R-36	\$0	\$0	100.0000%	\$0	\$0
37		Office Equipment - Gen Plnt All	\$0	R-37	\$0	\$0	100.0000%	\$0	\$0
38		Transportation Equipment - Gen Plnt All	\$0	R-38	\$0	\$0	100.0000%	\$0	\$0
39		TOTAL GENERAL PLANT - ALLOCATED	\$0		\$0	\$0		\$0	\$0
40		TOTAL DEPRECIATION RESERVE	\$45,088,871		\$0	\$45,088,871		\$0	\$45,088,871

Vicinity Energy - Kansas City
 Case No. HR-2023-0198
 Test Year Ending 09/30/2022
 Update Period Ending 02/28/2023
 Adjustments for Depreciation Reserve

A	B	C	D	E	F	G
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount	Jurisdictional Adjustments	Total Jurisdictional Adjustments
Total Reserve Adjustments				\$0		\$0

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Cash Working Capital

Line Number	A Description	B Test Year Adj. Expenses	C Revenue Lag	D Expense Lag	E Net Lag C - D	F Factor (Col E / 365)	G CWC Req B x F
1	OPERATION AND MAINT. EXPENSE						
2	Payroll and Employee Withholdings	\$0	0.00	0.00	0.00	0.000000	\$0
3	Vacation Union	\$0	0.00	0.00	0.00	0.000000	\$0
4	Pension Expense	\$0	0.00	0.00	0.00	0.000000	\$0
5	Employee Benefits	\$0	0.00	0.00	0.00	0.000000	\$0
6	Purchased Gas Expense	\$0	0.00	0.00	0.00	0.000000	\$0
7	Purchased Gas Expense (Back out)	\$0	0.00	0.00	0.00	0.000000	\$0
8	Bad Debt Expense	\$0	0.00	0.00	0.00	0.000000	\$0
9	Cash Vouchers	\$29,353,673	0.00	0.00	0.00	0.000000	\$0
10	TOTAL OPERATION AND MAINT. EXPENSE	\$29,353,673					\$0
11	TAXES						
12	Property Tax	\$0	0.00	0.00	0.00	0.000000	\$0
13	State Franchise Taxes	\$0	0.00	0.00	0.00	0.000000	\$0
14	Employer Portion of FICA	\$0	0.00	0.00	0.00	0.000000	\$0
15	Federal and State Unemployment Tax	\$0	0.00	0.00	0.00	0.000000	\$0
16	Use Tax	\$0	0.00	0.00	0.00	0.000000	\$0
17	Sales Tax	\$0	0.00	0.00	0.00	0.000000	\$0
18	Gross Receipts Tax	\$0	0.00	0.00	0.00	0.000000	\$0
19	TOTAL TAXES	\$0					\$0
20	OTHER EXPENSES						
21	Gas Costs	\$0	0.00	0.00	0.00	0.000000	\$0
22	TOTAL OTHER EXPENSES	\$0					\$0
23	CWC REQ'D BEFORE RATE BASE OFFSETS						\$0
24	TAX OFFSET FROM RATE BASE						
25	Federal Tax Offset	\$492,778	0.00	0.00	0.00	0.000000	\$0
26	State Tax Offset	\$140,011	0.00	0.00	0.00	0.000000	\$0
27	City Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
28	Interest Expense Offset	\$707,470	0.00	0.00	0.00	0.000000	\$0
29	TOTAL OFFSET FROM RATE BASE	\$1,340,259					\$0
30	TOTAL CASH WORKING CAPITAL REQUIRED						\$0

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Income Statement Detail

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
Rev-3		OPERATING REVENUES											
Rev-4	480.000	Residential Revenue	\$0	See note (1)	See note (1)	Rev-4	See note (1)	\$0	100.0000%	\$0	\$0	See note (1)	See note (1)
Rev-5	481.100	Commercial	\$0			Rev-5		\$0	100.0000%	\$0	\$0		
Rev-6	0.000	Sm. Gen. Service	\$0			Rev-6		\$0	100.0000%	\$0	\$0		
Rev-7	0.000	Med. Gen. Service	\$0			Rev-7		\$0	100.0000%	\$0	\$0		
Rev-8	0.000	Lg. Gen. Service	\$0			Rev-8		\$0	100.0000%	\$0	\$0		
Rev-9	442.000	Commercial Sales	\$30,204,673			Rev-9		\$30,204,673	100.0000%	\$0	\$30,204,673		
Rev-10	442.100	Industrial Sales-Cargill	\$577,011			Rev-10		\$577,011	100.0000%	\$0	\$577,011		
Rev-11	442.200	Industrial Sales-Ingredion	\$533,652			Rev-11		\$533,652	100.0000%	\$0	\$533,652		
Rev-12	448.000	Affiliated Sales (Veolia Missouri)	\$0			Rev-12		\$0	100.0000%	\$0	\$0		
Rev-13	448.100	Interdepartmental Sales	\$113,130			Rev-13		\$113,130	100.0000%	\$0	\$113,130		
Rev-14	450.000	Forfeited Discounts	\$18,350			Rev-14		\$18,350	100.0000%	\$0	\$18,350		
Rev-15	451.000	Miscellaneous Service Revenues	\$0			Rev-15		\$0	100.0000%	\$0	\$0		
Rev-16	454.000	Rent from Steam Property	\$73,035			Rev-16		\$73,035	100.0000%	\$0	\$73,035		
Rev-17	454.100	Other Rent Revenues	\$109,608			Rev-17		\$109,608	100.0000%	\$0	\$109,608		
Rev-18	456.000	Other Revenues-Electric Sales	\$36,292			Rev-18		\$36,292	100.0000%	\$0	\$36,292		
Rev-19	495.000	Other Gas Revenue - Oper. Rev.	\$0			Rev-19		\$0	100.0000%	\$0	\$0		
Rev-20		TOTAL OTHER OPERATING REVENUES	\$31,665,751					\$31,665,751		\$0	\$31,665,751		
Rev-21		TOTAL OPERATING REVENUES	\$31,665,751					\$31,665,751		\$0	\$31,665,751		
1		GAS SUPPLY EXPENSES											
2		TOTAL GAS SUPPLY EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
3		NATURAL GAS STORAGE EXPENSE											
4		TOTAL NATURAL GAS STORAGE EXPENSE	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
5		TESTING											
6		TOTAL TESTING	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
7		TRANSMISSION EXPENSES											
8		TOTAL TRANSMISSION EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
9		PRODUCTION EXPENSES											
10	500.000	Operation Supervision & Engineering	\$0	\$0	\$0	E-10	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
11	500.100	Salaries & Wages - Prod Op	\$417,931	\$417,931	\$0	E-11	\$59,574	\$477,505	100.0000%	\$0	\$477,505	\$477,505	\$0
12	500.200	Overtime Prod Op	\$86,421	\$86,421	\$0	E-12	\$12,319	\$98,740	100.0000%	\$0	\$98,740	\$98,740	\$0
13	500.300	Bonus - Prod Op	\$79,339	\$79,339	\$0	E-13	-\$79,339	\$0	100.0000%	\$0	\$0	\$0	\$0
14	500.400	Defined Cont Exp. - Prod Op	\$0	\$0	\$0	E-14	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
15	500.500	Alloc Labor & Benefits - Prod Op	\$0	\$0	\$0	E-15	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
16	500.550	Vacation Expense - Prod Op	\$67,361	\$67,361	\$0	E-16	\$9,602	\$76,963	100.0000%	\$0	\$76,963	\$76,963	\$0
17	500.600	Capitalized Labor - prod op	-\$36,727	-\$36,727	\$0	E-17	\$36,727	\$0	100.0000%	\$0	\$0	\$0	\$0
18	500.600	Contract Labor - PO - Indirect	\$0	\$0	\$0	E-18	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
19	501.010	Fuel Expense - Broker/Service Fees	\$0	\$0	\$0	E-19	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
20	501.100	Fuel Expense - Natural Gas	\$19,336,275	\$0	\$19,336,275	E-20	\$0	\$19,336,275	100.0000%	\$0	\$19,336,275	\$0	\$19,336,275
21	501.200	Fuel Expense - Natural Gas Transport	\$3,533,573	\$0	\$3,533,573	E-21	\$0	\$3,533,573	100.0000%	\$0	\$3,533,573	\$0	\$3,533,573
22	501.300	Fuel Expense - Coal	\$0	\$0	\$0	E-22	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
23	501.700	Fuel Expense - Purchased Electricity	\$241,388	\$0	\$241,388	E-23	\$62,152	\$303,540	100.0000%	\$0	\$303,540	\$0	\$303,540
24	501.800	Fuel Expense - Ash Hauling	\$0	\$0	\$0	E-24	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
25	501.900	Fuel Expense - Environmental Fees	\$0	\$0	\$0	E-25	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0

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26	502.000	Steam Expense - Consumable - Regulatory	\$0	\$0	\$0	E-26	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
27	502.100	Steam Expense - Consumable - Water	\$222,909	\$0	\$222,909	E-27	-\$2,765	\$220,144	100.0000%	\$0	\$220,144	\$0	\$220,144
28	502.200	Steam Expense - Consumable - Sewer	\$1,021,339	\$0	\$1,021,339	E-28	\$17,230	\$1,038,569	100.0000%	\$0	\$1,038,569	\$0	\$1,038,569
29	502.300	Steam Expense - Consumable - Propane	\$0	\$0	\$0	E-29	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
30	502.400	Steam Expense - Consumable - Gasoline	\$0	\$0	\$0	E-30	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
31	502.500	Steam Expense - Consumable - Amonia	\$0	\$0	\$0	E-31	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
32	502.600	Steam Expense - Consumable - Salt	\$6,484	\$0	\$6,484	E-32	\$0	\$6,484	100.0000%	\$0	\$6,484	\$0	\$6,484
33	502.700	Steam Exp - Consumable - Other Chemical	\$155,942	\$0	\$155,942	E-33	\$0	\$155,942	100.0000%	\$0	\$155,942	\$0	\$155,942
34	502.800	Steam Expense - Consumable - Other	\$1,931	\$0	\$1,931	E-34	-\$1,268	\$663	100.0000%	\$0	\$663	\$0	\$663
35	502.900	Sales Tax-Consumables and Fuel	\$0	\$0	\$0	E-35	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
36	505.000	Electric Expenses - Purchased Elec	\$85,063	\$0	\$85,063	E-36	\$0	\$85,063	100.0000%	\$0	\$85,063	\$0	\$85,063
37	506.000	Misc Steam Power Expense	\$0	\$0	\$0	E-37	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
38	506.100	Sales Tax O&M Expenses	\$0	\$0	\$0	E-38	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
39	507.000	Rents Operations	\$0	\$0	\$0	E-39	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
40	510.000	Maintenance Supervision & Engineering	\$0	\$0	\$0	E-40	\$12,787	\$12,787	100.0000%	\$0	\$12,787	\$12,787	\$0
41	510.100	Salaries and Wages - Prod Maint	\$586,105	\$586,105	\$0	E-41	\$83,547	\$669,652	100.0000%	\$0	\$669,652	\$669,652	\$0
42	510.200	Overtime - Prod Maint	\$42,423	\$42,423	\$0	E-42	\$6,047	\$48,470	100.0000%	\$0	\$48,470	\$48,470	\$0
43	510.210	Commuter exp- prod maint	\$737	\$737	\$0	E-43	\$0	\$737	100.0000%	\$0	\$737	\$737	\$0
44	510.300	Bonus - Prod Maint	\$104,377	\$104,377	\$0	E-44	-\$104,377	\$0	100.0000%	\$0	\$0	\$0	\$0
45	510.310	Vacation expense - prod maint	\$88,965	\$88,965	\$0	E-45	\$0	\$88,965	100.0000%	\$0	\$88,965	\$88,965	\$0
46	510.400	Alloc Labor & Benefit - Prod Maint	\$0	\$0	\$0	E-46	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
47	510.500	Capitalized Labor - Prod Maint	\$0	\$0	\$0	E-47	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
48	510.600	Contract Labor - PM - Direct	\$0	\$0	\$0	E-48	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
49	511.000	Maintenance of Structures	\$74,467	\$0	\$74,467	E-49	-\$74,467	\$0	100.0000%	\$0	\$0	\$0	\$0
50	512.000	Maintenance of Boiler Plant	\$558,701	\$0	\$558,701	E-50	\$0	\$558,701	100.0000%	\$0	\$558,701	\$0	\$558,701
51	513.000	Maintenance of Electric Plant	\$115,849	\$0	\$115,849	E-51	\$0	\$115,849	100.0000%	\$0	\$115,849	\$0	\$115,849
52	514.000	Maintenance of Misc Steam Plant	\$240,427	\$0	\$240,427	E-52	\$0	\$240,427	100.0000%	\$0	\$240,427	\$0	\$240,427
53		TOTAL PRODUCTION EXPENSES	\$27,031,280	\$1,436,932	\$25,594,348		\$37,769	\$27,069,049		\$0	\$27,069,049	\$1,473,819	\$25,595,230
54		DISTRIBUTION EXPENSES											
55	580.000	Operation Supervisor & Engineering	\$0	\$0	\$0	E-55	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
56	582.000	Station Expense	\$0	\$0	\$0	E-56	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
57	586.000	Meter Expense	\$42	\$0	\$42	E-57	\$0	\$42	100.0000%	\$0	\$42	\$0	\$42
58	587.000	Customer Installations Expense	\$0	\$0	\$0	E-58	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
59	588.000	Misc Distribution Expense	\$247,065	\$0	\$247,065	E-59	\$32,107	\$279,172	100.0000%	\$0	\$279,172	\$0	\$279,172
60	590.000	Maint Supervisor & Engineering	\$0	\$0	\$0	E-60	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
61	592.000	Maint of Station Equipment	\$61,638	\$0	\$61,638	E-61	\$20,447	\$82,085	100.0000%	\$0	\$82,085	\$0	\$82,085
62	594.000	Maint of Underground Lines	\$52,266	\$0	\$52,266	E-62	\$0	\$52,266	100.0000%	\$0	\$52,266	\$0	\$52,266
63	597.000	Maint of Meters	\$14,701	\$0	\$14,701	E-63	\$0	\$14,701	100.0000%	\$0	\$14,701	\$0	\$14,701
64	598.000	Maint of Misc Distribution Plant	\$172	\$0	\$172	E-64	\$0	\$172	100.0000%	\$0	\$172	\$0	\$172
65		TOTAL DISTRIBUTION EXPENSES	\$375,884	\$0	\$375,884		\$52,554	\$428,438		\$0	\$428,438	\$0	\$428,438
66		CUSTOMER ACCOUNTS EXPENSE											
67	904.000	Uncollectible Amounts	-\$13,087	\$0	-\$13,087	E-67	\$0	-\$13,087	100.0000%	\$0	-\$13,087	\$0	-\$13,087
68		TOTAL CUSTOMER ACCOUNTS EXPENSE	-\$13,087	\$0	-\$13,087		\$0	-\$13,087		\$0	-\$13,087	\$0	-\$13,087
69		CUSTOMER SERVICE & INFO. EXP.											
70	910.000	Misc. Customer Service & Info. Expenses	\$419	\$0	\$419	E-70	\$0	\$419	100.0000%	\$0	\$419	\$0	\$419
71		TOTAL CUSTOMER SERVICE & INFO. EXP.	\$419	\$0	\$419		\$0	\$419		\$0	\$419	\$0	\$419

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Line Number	Account Number	Income Description	Test Year Total (D+E)	Test Year Labor	Test Year Non Labor	Adjust. Number	Total Company Adjustments (From Adj. Sch.)	Total Company Adjusted (C+G)	Jurisdictional Allocations	Jurisdictional Adjustments (From Adj. Sch.)	MO Final Adj Jurisdictional (H x I) + J	MO Adj. Juris. Labor L + M = K	MO Adj. Juris. Non Labor
72		SALES EXPENSES											
73	917.000	Sales Expense	\$6,040	\$0	\$6,040	E-73	\$0	\$6,040	100.0000%	\$0	\$6,040	\$0	\$6,040
74		TOTAL SALES EXPENSES	\$6,040	\$0	\$6,040		\$0	\$6,040		\$0	\$6,040	\$0	\$6,040
75		ADMIN. & GENERAL EXPENSES											
76	920.000	Admin. & General Salaries	\$73,065	\$73,065	\$0	E-76	\$13,705	\$86,770	100.0000%	\$0	\$86,770	\$86,770	\$0
77	920.010	Vacation - marketing	\$6,337	\$6,337	\$0	E-77	\$0	\$6,337	100.0000%	\$0	\$6,337	\$6,337	\$0
78	920.100	Salaries and Wages - G&A	\$108,635	\$108,635	\$0	E-78	\$15,485	\$124,120	100.0000%	\$0	\$124,120	\$124,120	\$0
79	920.200	Overtime - G&A	\$143	\$143	\$0	E-79	\$20	\$163	100.0000%	\$0	\$163	\$163	\$0
80	920.300	Bonus - G&A	-\$33,633	-\$33,633	\$0	E-80	\$33,633	\$0	100.0000%	\$0	\$0	\$0	\$0
81	920.310	Vacation - G&A	\$16,742	\$16,742	\$0	E-81	\$0	\$16,742	100.0000%	\$0	\$16,742	\$16,742	\$0
82	920.400	Defined Contribution Expense	\$0	\$0	\$0	E-82	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
83	920.500	Alloc Labor & Benefits - G&A	\$0	\$0	\$0	E-83	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
84	921.000	Office Supplies & Expenses	\$10,713	\$0	\$10,713	E-84	\$0	\$10,713	100.0000%	\$0	\$10,713	\$0	\$10,713
85	923.000	Outside Services Employed	\$741,051	\$0	\$741,051	E-85	-\$106,968	\$634,083	100.0000%	\$0	\$634,083	\$0	\$634,083
86	924.000	Property Insurance	\$200,156	\$0	\$200,156	E-86	\$0	\$200,156	100.0000%	\$0	\$200,156	\$0	\$200,156
87	925.000	Injuries & Damages	\$650	\$0	\$650	E-87	-\$650	\$0	100.0000%	\$0	\$0	\$0	\$0
88	926.200	Group Insurance Benefits	\$270,888	\$0	\$270,888	E-88	\$0	\$270,888	100.0000%	\$0	\$270,888	\$0	\$270,888
89	926.300	401K Expense	\$75,196	\$0	\$75,196	E-89	\$0	\$75,196	100.0000%	\$0	\$75,196	\$0	\$75,196
90	926.500	Other Employee Costs	\$133,822	\$0	\$133,822	E-90	\$0	\$133,822	100.0000%	\$0	\$133,822	\$0	\$133,822
91	926.600	Education, Seminars & Training	\$6,116	\$0	\$6,116	E-91	\$0	\$6,116	100.0000%	\$0	\$6,116	\$0	\$6,116
92	926.700	Relocation/Moving Costs	\$0	\$0	\$0	E-92	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
93	928.000	Regulatory Commission Expenses	\$39,688	\$0	\$39,688	E-93	\$27,491	\$67,179	100.0000%	\$0	\$67,179	\$0	\$67,179
94	930.200	Misc. General Expenses	\$1,033,156	\$0	\$1,033,156	E-94	-\$802,627	\$230,529	100.0000%	\$0	\$230,529	\$0	\$230,529
95	935.000	Maintenance of General Plant	\$0	\$0	\$0	E-95	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
96		TOTAL ADMIN. & GENERAL EXPENSES	\$2,682,725	\$171,289	\$2,511,436		-\$819,911	\$1,862,814		\$0	\$1,862,814	\$234,132	\$1,628,682
97		DEPRECIATION EXPENSE											
98	403.000	Depreciation Expense, Dep. Exp.	\$951,567	See note (1)	See note (1)	E-98	See note (1)	\$951,567	100.0000%	\$65,425	\$1,016,992	See note (1)	See note (1)
99		TOTAL DEPRECIATION EXPENSE	\$951,567	\$0	\$0		\$0	\$951,567		\$65,425	\$1,016,992	\$0	\$0
100		AMORTIZATION EXPENSE											
101		TOTAL AMORTIZATION EXPENSE	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
102		OTHER OPERATING EXPENSES											
103	408.200	Franchise Tax Expense	\$0	\$0	\$0	E-103	\$0	\$0	100.0000%	\$0	\$0	\$0	\$0
104	408.300	Personal Property Tax	\$166,452	\$0	\$166,452	E-104	-\$44,171	\$122,281	100.0000%	\$0	\$122,281	\$0	\$122,281
105	408.400	Real Estate Taxes	-\$153,581	\$0	-\$153,581	E-105	-\$40,756	-\$194,337	100.0000%	\$0	-\$194,337	\$0	-\$194,337
106	408.500	Payroll Taxes	\$194,883	\$0	\$194,883	E-106	-\$56,211	\$138,672	100.0000%	\$0	\$138,672	-\$56,211	\$194,883
107		TOTAL OTHER OPERATING EXPENSES	\$207,754	\$0	\$207,754		-\$141,138	\$66,616		\$0	\$66,616	-\$56,211	\$122,827
108		TOTAL OPERATING EXPENSE	\$31,242,582	\$1,608,221	\$28,682,794		-\$870,726	\$30,371,856		\$65,425	\$30,437,281	\$1,651,740	\$27,768,549
109		NET INCOME BEFORE TAXES	\$423,169					\$1,293,895		-\$65,425	\$1,228,470		
110		INCOME TAXES											
111	0.000	Current Income Taxes	\$0	See note (1)	See note (1)	E-111	See note (1)	\$0	100.0000%	\$132,585	\$132,585	See note (1)	See note (1)
112	409.100	Income Taxes-Utility Op Income	-\$134,625			E-112		-\$134,625	100.0000%	\$0	-\$134,625		
113	410.100	Provision of Def Income Taxes	\$193,618			E-113		\$193,618	100.0000%	\$0	\$193,618		
114		TOTAL INCOME TAXES	\$58,993					\$58,993		\$132,585	\$191,578		

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115		DEFERRED INCOME TAXES											
116	0.000	Deferred Income Taxes - Def. Inc. Tax.	\$0	See note (1)	See note (1)	E-116	See note (1)	\$0	100.0000%	\$0	\$0	See note (1)	See note (1)
117	0.000	Amortization of Deferred ITC	\$0			E-117		\$0	100.0000%	\$0	\$0		
118		TOTAL DEFERRED INCOME TAXES	\$0					\$0		\$0	\$0		
119		NET OPERATING INCOME	<u>\$364,176</u>					<u>\$1,234,902</u>		<u>-\$198,010</u>	<u>\$1,036,892</u>		

(1) Labor and Non Labor Detail not applicable to Revenue & Taxes

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A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
E-11	Salaries & Wages - Prod Op	500.100	\$59,574	\$0	\$59,574	\$0	\$0	\$0
	1. To annualize salaries & wages - prod op (McMellen)		\$59,574	\$0		\$0	\$0	
E-12	Overtime Prod Op	500.200	\$12,319	\$0	\$12,319	\$0	\$0	\$0
	1. To annualize payroll (McMellen)		\$12,319	\$0		\$0	\$0	
E-13	Bonus - Prod Op	500.300	-\$79,339	\$0	-\$79,339	\$0	\$0	\$0
	1. To eliminate bonus - prod op (McMellen)		-\$79,339	\$0		\$0	\$0	
E-16	Vacation Expense - Prod Op	500.550	\$9,602	\$0	\$9,602	\$0	\$0	\$0
	1. To annualize payroll (McMellen)		\$9,602	\$0		\$0	\$0	
E-17	Capitalized Labor - prod op	500.600	\$36,727	\$0	\$36,727	\$0	\$0	\$0
	1. To remove test year capitalized labor (McMellen)		\$36,727	\$0		\$0	\$0	
E-23	Fuel Expense - Purchased Electricity	501.700	\$0	\$62,152	\$62,152	\$0	\$0	\$0
	1. To annualize purchased electricity fuel expense (McMellen)		\$0	\$62,152		\$0	\$0	
E-27	Steam Expense - Consumable - Water	502.100	\$0	-\$2,765	-\$2,765	\$0	\$0	\$0
	1. To annualize water consumables expense (Branson)		\$0	-\$2,765		\$0	\$0	
E-28	Steam Expense - Consumable - Sewer	502.200	\$0	\$17,230	\$17,230	\$0	\$0	\$0
	1. To annualize sewer consumables expense (Branson)		\$0	\$17,230		\$0	\$0	
E-34	Steam Expense - Consumable - Other	502.800	\$0	-\$1,268	-\$1,268	\$0	\$0	\$0
	1. To annualize Other Consumable Expense. (Lesmes)		\$0	-\$1,268		\$0	\$0	
E-40	Maintenance Supervision & Engineering	510.000	\$12,787	\$0	\$12,787	\$0	\$0	\$0
	1. To annualize payroll (McMellen)		\$12,787	\$0		\$0	\$0	
E-41	Salaries and Wages - Prod Maint	510.100	\$83,547	\$0	\$83,547	\$0	\$0	\$0
	1. To annualize salaries & wages - prod maint (McMellen)		\$83,547	\$0		\$0	\$0	
E-42	Overtime - Prod Maint	510.200	\$6,047	\$0	\$6,047	\$0	\$0	\$0
	1. To annualize overtime - prod maint (McMellen)		\$6,047	\$0		\$0	\$0	
E-44	Bonus - Prod Maint	510.300	-\$104,377	\$0	-\$104,377	\$0	\$0	\$0
	1. To eliminate bonus - prod maint (McMellen)		-\$104,377	\$0		\$0	\$0	

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E-49	Maintenance of Structures	511.000	\$0	-\$74,467	-\$74,467	\$0	\$0	\$0
	1. To annualize Maintenance of Structures. (Lesmes)		\$0	-\$74,467		\$0	\$0	
E-59	Misc Distribution Expense	588.000	\$0	\$32,107	\$32,107	\$0	\$0	\$0
	1. To normalized Miscellaneous Distribution of Expense. (Lesmes)		\$0	\$2,026		\$0	\$0	
	1. To annualize Vehicle Lease expense. (Branson)		\$0	\$30,081		\$0	\$0	
E-61	Maint of Station Equipment	592.000	\$0	\$20,447	\$20,447	\$0	\$0	\$0
	1. To normalize Maintenance of Station Equipment. (Lesmes)		\$0	\$20,447		\$0	\$0	
E-76	Admin. & General Salaries	920.000	\$13,705	\$0	\$13,705	\$0	\$0	\$0
	1. To annualize Admin. & General Salaries (McMellen)		\$13,705	\$0		\$0	\$0	
E-78	Salaries and Wages - G&A	920.100	\$15,485	\$0	\$15,485	\$0	\$0	\$0
	1. To annualize salaries & wages - G&A (McMellen)		\$15,485	\$0		\$0	\$0	
E-79	Overtime - G&A	920.200	\$20	\$0	\$20	\$0	\$0	\$0
	1. To annualize Overtime - G&A (McMellen)		\$20	\$0		\$0	\$0	
E-80	Bonus - G&A	920.300	\$33,633	\$0	\$33,633	\$0	\$0	\$0
	1. To eliminate bonus - G&A (McMellen)		\$33,633	\$0		\$0	\$0	
E-85	Outside Services Employed	923.000	\$0	-\$106,968	-\$106,968	\$0	\$0	\$0
	1. To annualize contract labor. (Lesmes)		\$0	-\$24,503		\$0	\$0	
	2. To annualize legal and other professional fees. (Lesmes)		\$0	-\$82,465		\$0	\$0	
E-87	Injuries & Damages	925.000	\$0	-\$650	-\$650	\$0	\$0	\$0
	1. To normalize injuries and damages (McMellen)		\$0	-\$650		\$0	\$0	
E-93	Regulatory Commission Expenses	928.000	\$0	\$27,491	\$27,491	\$0	\$0	\$0
	1. To normalize PSC Assessment (Lesmes)		\$0	\$27,491		\$0	\$0	
E-94	Misc. General Expenses	930.200	\$0	-\$802,627	-\$802,627	\$0	\$0	\$0
	1. To include a normalized level of corporate common costs (McMellen)		\$0	-\$802,627		\$0	\$0	
E-98	Depreciation Expense, Dep. Exp.	403.000	\$0	\$0	\$0	\$0	\$65,425	\$65,425
	1. To Annualize Depreciation Expense		\$0	\$0		\$0	\$65,425	
	No Adjustment		\$0	\$0		\$0	\$0	

Vicinity Energy - Kansas City
 Case No. HR-2023-0198
 Test Year Ending 09/30/2022
 Update Period Ending 02/28/2023
 Adjustments to Income Statement Detail

A	B	C	D	E	F	G	H	I
Income Adj. Number	Income Adjustment Description	Account Number	Company Adjustment Labor	Company Adjustment Non Labor	Company Adjustments Total	Jurisdictional Adjustment Labor	Jurisdictional Adjustment Non Labor	Jurisdictional Adjustments Total
E-104	Personal Property Tax	408.300	\$0	-\$44,171	-\$44,171	\$0	\$0	\$0
	1. To annualize personal property tax expense (Branson)		\$0	-\$44,171		\$0	\$0	
E-105	Real Estate Taxes	408.400	\$0	-\$40,756	-\$40,756	\$0	\$0	\$0
	1. To annualize real estate taxes expense (Branson)		\$0	-\$40,756		\$0	\$0	
E-106	Payroll Taxes	408.500	-\$56,211	\$0	-\$56,211	\$0	\$0	\$0
	1. To annualize payroll taxes (McMellen)		-\$56,211	\$0		\$0	\$0	
E-111	Current Income Taxes		\$0	\$0	\$0	\$0	\$132,585	\$132,585
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	\$132,585	
Total Operating Revenues			\$0	\$0	\$0	\$0	\$0	\$0
Total Operating & Maint. Expense			\$43,519	-\$914,245	-\$870,726	\$0	\$198,010	\$198,010

Vicinity Energy - Kansas City
Case No. HR-2023-0198
Test Year Ending 09/30/2022
Update Period Ending 02/28/2023
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 6.95% Return	E 7.19% Return	F 7.43% Return
1	TOTAL NET INCOME BEFORE TAXES		\$1,228,470	\$3,082,425	\$3,194,041	\$3,305,656
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$1,016,992	\$1,016,992	\$1,016,992	\$1,016,992
4	Test Add		\$0	\$0	\$0	\$0
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$1,016,992	\$1,016,992	\$1,016,992	\$1,016,992
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	2.0320%	\$707,470	\$707,470	\$707,470	\$707,470
8	Tax Straight-Line Depreciation		\$1,016,992	\$1,016,992	\$1,016,992	\$1,016,992
9	Excess Tax Depreciation		\$0	\$0	\$0	\$0
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$1,724,462	\$1,724,462	\$1,724,462	\$1,724,462
11	NET TAXABLE INCOME		\$521,000	\$2,374,955	\$2,486,571	\$2,598,186
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		\$521,000	\$2,374,955	\$2,486,571	\$2,598,186
14	Deduct Missouri Income Tax at the Rate of	100.000%	\$29,336	\$133,727	\$140,011	\$146,296
15	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
16	Federal Taxable Income - Fed. Inc. Tax		\$491,664	\$2,241,228	\$2,346,560	\$2,451,890
17	Federal Income Tax at the Rate of	21.000%	\$103,249	\$470,658	\$492,778	\$514,897
18	Subtract Federal Income Tax Credits					
19	Credit - Solar		\$0	\$0	\$0	\$0
20	Net Federal Income Tax		\$103,249	\$470,658	\$492,778	\$514,897
21	PROVISION FOR MO. INCOME TAX					
22	Net Taxable Income - MO. Inc. Tax		\$521,000	\$2,374,955	\$2,486,571	\$2,598,186
23	Deduct Federal Income Tax at the Rate of	50.000%	\$51,625	\$235,329	\$246,389	\$257,449
24	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
25	Missouri Taxable Income - MO. Inc. Tax		\$469,375	\$2,139,626	\$2,240,182	\$2,340,737
26	Subtract Missouri Income Tax Credits					
27	Test State		\$0	\$0	\$0	\$0
28	Missouri Income Tax at the Rate of	6.250%	\$29,336	\$133,727	\$140,011	\$146,296
29	PROVISION FOR CITY INCOME TAX					
30	Net Taxable Income - City Inc. Tax		\$521,000	\$2,374,955	\$2,486,571	\$2,598,186
31	Deduct Federal Income Tax - City Inc. Tax		\$103,249	\$470,658	\$492,778	\$514,897
32	Deduct Missouri Income Tax - City Inc. Tax		\$29,336	\$133,727	\$140,011	\$146,296
33	City Taxable Income		\$388,415	\$1,770,570	\$1,853,782	\$1,936,993
34	Subtract City Income Tax Credits					
35	Test City		\$0	\$0	\$0	\$0
36	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
37	SUMMARY OF CURRENT INCOME TAX					
38	Federal Income Tax		\$103,249	\$470,658	\$492,778	\$514,897
39	State Income Tax		\$29,336	\$133,727	\$140,011	\$146,296
40	City Income Tax		\$0	\$0	\$0	\$0
41	TOTAL SUMMARY OF CURRENT INCOME TAX		\$132,585	\$604,385	\$632,789	\$661,193
42	DEFERRED INCOME TAXES					
43	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
44	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
45	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
46	TOTAL INCOME TAX		\$132,585	\$604,385	\$632,789	\$661,193

Vicinity Energy - Kansas City
 Case No. HR-2023-0198
 Test Year Ending 09/30/2022
 Update Period Ending 02/28/2023
 Capital Structure Schedule

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital 10.29%	F Weighted Cost of Capital 10.79%	G Weighted Cost of Capital 11.29%
1	Common Stock	\$598,233	47.77%		4.916%	5.155%	5.394%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
4	Long Term Debt	\$653,988	52.23%	3.89%	2.032%	2.032%	2.032%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
6	Other Security Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
7	TOTAL CAPITALIZATION	\$1,252,221	100.00%		6.948%	7.187%	7.426%
8	PreTax Cost of Capital				8.626%	8.947%	9.267%

AUDITING DEPARTMENT
REVIEW AND AUDIT
HR-2023-0198
May 11, 2023

Introduction

On December 16, 2022, Vicinity Energy Kansas City, Inc (“Vicinity KC” or “Company”) filed an informal rate increase request with the Missouri Public Service Commission (Commission). As part of the normal processing of such a request, Staff initiated an investigation in accordance with 20 CSR 4240-10.075. Staff issued Data Requests, met with company officials, and reviewed documents at company offices.

SERVICES

Vicinity KC currently serves approximately 47 retail customers, all located in the downtown central district of the City of Kansas City, otherwise known as the “downtown loop.” In addition to the retail customers, Vicinity KC also sells process steam to two large industrial customers located outside the downtown loop. The Company meters the steam sold to these customers at the Grand Avenue production facility.

INVESTIGATION

The Audit Staff conducted an investigation of the Company’s books and records. Based upon Staff’s examination of Vicinity KC’s books and records, along with discussions with the Company’s employees, Staff’s recommended revenue requirement calculation for Vicinity KC, using a return on equity (ROE) of 10.79% (discussed in more detail below), is \$1,965,571. Attached to this Memorandum is Audit Staff’s Summary Accounting Schedules 1. In addition, all relevant workpapers related to Audit Staff’s review and audit of Vicinity KC’s financial operations are being provided to all parties to this case.

TEST YEAR AND UPDATE PERIOD

The test year for this case is the 12-months ending September 30, 2022, updated for known and measurable changes through February 28, 2023.

RATE OF RETURN AND CAPITAL STRUCTURE

The Commission’s Financial Analysis Department provided Audit Staff with a preliminary rate of return (“ROR”) recommendation. To recommend the allowed ROR, Financial Analysis Department Staff examined the financial and business risks of Vicinity Energy Kansas City, Inc.

("Company" or "Vicinity KC"). According to its financial statements, Vicinity KC consistently shows positive stable revenues and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA").¹ Despite Vicinity KC's consistently positive revenues, Vicinity KC has reported negative Net Incomes from 2015 to Q3 2022 (excluding 2020 and Q3 2022).² Due to these factors, Vicinity KC's business risk profile ("BRP") appears to be "Fair".³ Vicinity KC has a debt-to-capital ratio of roughly 54.19%,⁴ indicating an "Aggressive" financial risk profile ("FRP").⁵ Vicinity KC does not have a credit rating from Moody's or S&P, but based on these business and financial risk profiles, Staff assigns an equivalent credit rating of approximately 'BB-' for Vicinity.⁶ According to the S&P, a "BB-" credit rating is considered "Speculative Grade" which means that Vicinity KC faces "major ongoing uncertainties to adverse business, financial and economic conditions".⁷

Because of the increased interest rates set by the Federal Open Market Committee and its monetary policy to fight the high inflation rate, overall business, financial, and economic conditions in this region and nation-wide have been placed in a difficult situation. A review of the recent Intercontinental Exchange ("ICE") Bank of America ("BofA") Corporate Bond Index Effective Yield data indicates that the corporate bond market is facing higher volatility which points to a more elevated risk of corporate bond yields being unstable.⁸

Considering this currently unfavorable financial and business market environment and the Commission decision in Vicinity KC's rate case, No. HR-2018-0341, it is Staff's opinion that the overall recommended ROR should be 7.19%. This is calculated based on an actual capital structure consisting of 47.77% equity and 52.23% long-term debt with an allowed return on equity of 10.79% as well as an embedded cost of debt of 3.89%.⁹ More detailed information is included within Staff's workpaper.

Plant in Service and Depreciation Reserve

Staff made no adjustments to Vicinity KC's test year plant and depreciation reserve balances provided in the Company's response to Staff Data Request No. 0032.

¹ Vicinity's response to Staff Data Request No. 0009. 'EBITDA', McKinley's Workpaper.

² Vicinity's response to Staff Data Request No. 0009.

³ S&P's Ratings Direct "Methodology: Business Risk/Financial Risk Matrix Expanded" – www.spglobal.com

⁴ Vicinity's response to Staff Data Request No. 0095.

⁵ S&P's Ratings Direct "Methodology: Business Risk/Financial Risk Matrix Expanded" – www.spglobal.com.

⁶ Ibid.

⁷ S&P's "Guide to Credit Rating Essentials" - https://www.spglobal.com/ratings/division-assets/pdfs/guide_to_credit_rating_essentials_digital.pdf

⁸ ICE BofA US Corporate Index Effective Yield - <https://fred.stlouisfed.org/series/BAMLC0A0CMEY>, retrieved April 11, 2023

⁹ 'ROR', McKinley's Workpaper

Prepayments

Prepayments represent certain costs incurred by the Company in advance of receipt of the associated good or service. Prepayments are treated as an asset investment of the Company and are typically reflected in the rate base of the utility, thus allowing a return for these assets.

During Staff's review of the monthly balances for prepayments from May 2020 through September 2022, Staff determined that the expenses posted to prepayments included amounts for PSC Assessment fees and a support fee from Kansas City Logic Software. These fees are not considered prepayments and are therefore not included in rate base.

Materials and Supplies

This inventory account includes the cost of materials that are purchased primarily for use in the construction, operation and maintenance of utility plant but are not directly assignable to specific plant accounts until installed. For the purpose of setting rates, these items should be included in the calculation of rate base because they are typically purchased with investors' funds. The Company is entitled to a return on these inventory items in the same way as prepayments.

Staff reviewed the monthly balances for materials and supplies for the period of January 2019 through December 2022. From this review, Staff determined that a 13-month average (December 2021 – December 2022) was an appropriate amount to include in rate base for this inventory item. By using a 13-month average, Staff was able to smooth out any of the fluctuations that occurred during the test year.

Customer Advances

Vicinity KC (then Trigen) came before the Commission in 2006 to request permission to expand its district heating service area to allow the Company to run a steam distribution service line to the Truman Medical Center ("Truman") complex. The Commission order authorizing the expansion required Truman to pay for the entirety of construction costs of the service line extension. Truman and Vicinity KC (then Trigen) then entered into a Highly Confidential agreement for provision of steam heat service.

The Company treated the pipeline construction costs as construction work in progress ("CWIP") and transferred the costs to plant in service in June 2008 when Truman began receiving service. Vicinity KC recorded the final payment received from Truman in July 2009. Pursuant to the agreement between Vicinity KC and Truman, Vicinity KC began reimbursing Truman for the customer advance in seven equal annual payments beginning April 1, 2014 and ending April 1, 2020. Since this reimbursement has since ended, there is no more amount attributed to customer advances to offset rate base.

Depreciation Expense

The Audit Staff incorporated in its cost of service calculation preliminary depreciation rates that were supplied by the Commission's Engineering Analysis Department. Based upon these preliminary depreciation rates, the Audit Staff included a \$1,016,992 annualized level of depreciation expense. The depreciation rates used in the calculation of depreciation expense are the same rates agreed to in the previous rate case, Case No. HR-2018-0341.

REVENUES-

Vicinity KC's steam operation provides service to approximately 47 commercial and industrial customers located in the downtown Kansas City area. Staff is proposing to maintain Vicinity Kansas City's current customer classes SCS, LCS, and IHS. In the current classes, customers are differentiated based on usage. The current rate structure divides firm customers (SCS and LCS) based on usage (greater or less than 5,000 Mlbs/year). The LCS and IHS classes provide demand metering for the large customers. These cost structures are an appropriate means of cost recovery with separate meter rates, steam usage rates, and demand rates. Additionally, the measured demand-determined load provides more visibility of usage patterns to the Company and each individual customer. Vicinity KC's customers presently receive steam service under four rate classifications as follows:

1. Standard Commercial Service ("SCS")
2. Large Commercial Service ("LCS")
3. Interruptible Heating Service ("IHS")
4. Special Contracts – not tariffed

Staff has evaluated the tariffed rate schedules and the billing units and decided that Vicinity KC's test year revenues are accurate and reflect revenues on a going-forward basis.

Annualization of Special Customer Revenues

Vicinity KC serves two large industrial steam customers. These customers have entered into contractual agreements with Vicinity KC. The revenues received from these contracts are based on the customers' respective agreements with Vicinity KC. Because they are billed on a contract rate, Staff analyzed actual loads for the customers for the calendar years 2017-2022.

Staff made no adjustments to test year levels for affiliated sales to VEMO (for the steam it purchases to support its non-regulated cooling operations) and forfeited discounts since the test year revenues reflect revenues on a going-forward basis.

OPERATING EXPENSES

Fuel Expenses

The annualized fuel costs are determined by making adjustments to reflect Staff's annualized steam load and current fuel prices. Staff's methodology used to calculate fuel expense starts with the customer sales in units of Mlbs, referred to as "loads" and includes the following inputs:

- 1) Distribution system losses;
- 2) Station use and auxiliaries;
- 3) Plant heat rate;
- 4) 100% mix of natural gas since February 2017; and
- 5) Delivered cost of natural gas per Mmbtu.

Staff examined several years of data for the various cost components of fuel using actual costs and compared those actual costs to the production plant's steam output - the actual amount of steam produced at Grand Avenue. The fuel expense is based on the delivered fuel costs for natural gas - the single fuel source used to produce steam at Grand Avenue for the test year.

The analyses for the fuel inputs are based on actual information of one to three years, depending on the consistency of the historical values for that input. Specifically, the various fuel components are based on:

- Distribution system losses—referred to as line loss, station use and auxiliaries—the energy it takes to operate and heat the Grand Avenue plant site—Staff analyzed data from May 2018 thru February 2023.
- Staff used the Company's provided plant heat rate.

The fuel mix input reflects the percentage of fuel that is 100% natural gas. The fuel prices used for the delivered cost of natural gas cost per Mmbtu are based on Staff's analysis of natural gas prices for the period of May 2018 through February 2023. Vicinity KC's actual historical gas prices have fluctuated over the past several years. Staff chose to use the test year prices to calculate the delivered cost of natural gas cost per Mmbtu.

Consumables Expense (Water and Sewer)

Staff annualized the water and sewer portion of consumables expense by computing a monthly average from the total of 15 wastewater bills from July 2021 to December 2022, reduced by the amount allocated to VEMO, and multiplying the monthly average by 12 months.

Purchased Power and Electric Expense

In order to meet its own energy needs to operate the Grand Avenue Station, Vicinity KC must either generate electricity using a small five-megawatt steam turbine generator located at the plant, or purchase electricity from Evergy. When it purchases electricity from Evergy, that transaction is considered to be purchased power expense. The largest percentage of Vicinity KC's purchased power (electricity) is used to power the equipment at the Grand Avenue Station, which is required to operate the steam production facility. Vicinity KC also receives power to operate equipment for three other locations within its service territory (Baltimore, Truman and Cherry). The bills for the other three locations were not provided and could not be analyzed in time for this

report and were therefore not included in the revenue requirement. Staff will review this information, if it is provided, and make adjustments as necessary at a later point.

When it is advantageous, Vicinity KC sells any excess electricity it produces to Evergy at an agreed upon rate. There is a significant difference between the rates Evergy charges Vicinity KC for electricity and the amount Vicinity KC charges Evergy for electricity. The selling of power (electricity) to Evergy will be taken into account in the revenues calculation. The electricity sold back to Evergy will be treated as an increase in revenues for Vicinity KC.

Evergy also has plant equipment located at the Grand Avenue Station to operate its electric system. This power is delivered to the Grand Avenue Station through separate metering. The Evergy electric bill for Vicinity KC considers this electricity as an offset to the electricity charged to Vicinity KC. Staff examined these bills and determined that none of the electricity used at Grand Avenue to operate the Evergy system was included in the Vicinity KC costs.

Staff has reviewed the electric bills from Evergy for the Grand Avenue Station to determine the annualized amount of electricity expense to include in the current rates. Staff annualized this expense using a five year average (2018-2022) of kilowatt hour usage for Vicinity KC's Grand Avenue station and applied the most current Commission approved tariffed electric rate to the average to determine an annualized level of electricity.

Payroll, Related Benefits and Payroll Taxes

1. Base Payroll

Base payroll was calculated by multiplying each hourly employee's last known wage rate by 2,080 hours and adding the most recent salaries of all active salaried employees. Staff multiplied the annualized amount by a payroll Operation and Maintenance ("O&M") expense factor to the total payroll to identify the expense portion of payroll. This is also known as the capitalization ratio. This annualized amount does not include corporate wages and allocations, which are annualized separately. The corporate allocation of wages is discussed further in the section on corporate allocated costs.

Staff reviewed the Company's work paper for hours charged to "premium pay" from January 2020 through the December 2022, to identify any significant trends or fluctuations with these costs. Premium pay includes overtime and double time. Staff calculated and compared yearly amounts for overtime and double time from January 2020 through December 2022. Staff then compared a three-year average (2020-2022), and the most-recent yearly total for the test year, the 12 months ending September 30, 2022. Since premium pay for these three periods has consistently declined, Staff utilized the actual hours charged to overtime and double time for the 12 months ending December 31, 2022, adjusted by Staff's capitalization ratio, for inclusion in base payroll.

2. Allocation between Vicinity KC and VEMO

VEMO provides non-regulated chilled water services to customers using steam purchased from Vicinity KC. The two companies have common employees, causing the need for each employee to allocate a portion of time between the non-regulated VEMO and the regulated Vicinity KC operations. Employee time dedicated to VEMO should not be included in rates charged to the steam customers, since this is a non-regulated affiliate of Vicinity KC. The Company did not provide any allocation factors in this case.

Staff calculated the allocation factor for each individual employee using the percentages provided by the Company in response to Data Request No. 78 from Case No. HR-2023-0198. Staff then applied each individual's allocation factor to their last known wage rates. The same allocation factors were used to develop an appropriate amount of payroll taxes and premium pay to include in the payroll annualization. Corporate employees were removed from the calculation.

3. Allocation between Expense and Construction

In general, public utilities are capital intensive entities where ongoing construction activity is necessary to meet the energy needs of customers; therefore, construction is a significant and ongoing activity of a utility company. Construction activity not only involves actual physical construction projects, but also the planning, budgeting, monitoring and record keeping activities associated with construction projects. Utility management provides oversight of the construction activities of a public utility, including the approval of all construction projects. Even construction projects performed by outside contractors require Vicinity KC management oversight and, therefore, time spent on these projects. Some of these activities can be directly identifiable with specific construction projects, while some of these activities cannot be directly identified with a specific project. The fact that the activity cannot be directly identified with a project does not mean that the activity was not performed in support of an overall construction program. Where construction activities take place and funds are expended, some portion of indirect administrative and general ("A&G") costs should also be charged to construction. The payroll expense ratio should reflect a proper allocation of total payroll cost between operations and maintenance activity (expensed in the current year) and construction activity (capitalized to plant in service).

Executive management has oversight responsibility for all of Vicinity KC's operations, including construction. Staff analyzed data using hours related to capital projects to total payroll hours from January 2020 to February 2023. Staff found in the last three years, the O&M percentage varied by year. Therefore, Staff used an average of the three years in its payroll annualization. Staff applied the expense allocation percentage to the total payroll costs to include the expense levels in the revenue requirement calculation.

4. Payroll Tax

The adjustments made to payroll taxes ensure that Staff included in rates the appropriate level of Social Security (FICA) and Medicare taxes associated with the Staff's annualized payroll. Staff's calculation used the current tax rates for the individual tax components. Staff applied the

same O&M expense factor to payroll taxes as it did for the payroll expense to determine the expense portion for these taxes. Applying these rates to the current annualized level of payroll expense produces the best available allowance for payroll taxes on a going forward basis.

5. Bonus Compensation

During the test year, Vicinity KC incurred costs related to bonus compensation earned by participation in the Company's incentive programs. Staff made adjustments to remove the cost of all bonus compensation from the test year as they are bonus payments that do not meet the Commission's criteria for incentive compensation expense inclusion in rates. Vicinity KC has historically made adjustments to remove these types of costs in its previous rate cases.

6. Corporate Allocated Costs

Corporate allocated costs are A&G costs that are directly assigned or allocated from various Vicinity entities, including the parent corporation VE LLC, down to its subsidiaries for various supporting services. VE LLC, provides executive management and centralized support services to the Vicinity district heating and cooling companies ("Vicinity Companies"). These services are provided to the Vicinity Companies on an allocated basis and include executive management, accounting, finance, treasury, tax, human resources, benefits administration, legal, information technology, engineering, health & safety, and other general corporate services.

VE LLC allocates all of its costs either directly to its individual district heating and cooling subsidiaries, including Vicinity KC, or back to its parent company Vicinity Corporate. Staff in prior cases has expressed concerns that these corporate costs were excessive. Staff examined the corporate costs Vicinity KC is being charged from the various Vicinity entities providing management oversight. The costs directly incurred for the local management, maintenance and operations of district heating and cooling in Kansas City either provided by Vicinity KC or its affiliate, VEMO are not being challenged. Those directly assigned costs have been included in Staff's revenue requirement calculation either as payroll, payroll benefits or operation and maintenance costs.

The percentage derived from Vicinity KC's sales to VE LLC's total sales is applied to A&G costs resulting in its allocated share of the costs. The allocation process ensures that each entity receives its allocated share of the total A&G costs.

Staff has concluded in its review of corporate costs that VE LLC distributed corporate costs consistently to all Vicinity Companies using the percentage of sales method. After reviewing all information provided for corporate costs, Staff has made adjustments to remove all payroll and related employee expenses due to the lack of information provided. The Company did not provide any information related to employees of VE LLC that was allocated to Vicinity KC.

Non-Labor Operations and Maintenance (O&M) Expense

O&M expenses reflect costs to operate and maintain Vicinity KC's Grand Avenue production facilities, as well as the steam distribution plant. Vicinity KC incurs two types of

production and distribution expenses: labor costs to pay employees for performing O&M activities and non-labor costs for the materials and supplies needed for the employees to perform the duties. The payroll (labor) component of O&M and consumable expenses used in the operation of the production facilities has been discussed above. This section will address non-labor O&M distribution and production expenses, other than consumables expenses.

Staff analyzed non-labor O&M production and distribution costs by FERC account for the period 2018 through the test year and the known and measurable (“K&M”) update period ended February 28, 2023, to identify any significant trends or fluctuations in account balances. Staff calculated and compared the three-year account balance averages to the test year and the update period balances. Each account was analyzed individually and was normalized by either using the test year amount or a three-year average based on those results.

Rate Case Expense

Rate case expenses are costs incurred by the Company in preparation and performance of the actual filing of the rate case. Generally, the Company incurs most of the costs to process the rate case towards the end of the process with activities such as the production of testimony, participation in the settlement conferences and the hearing process; and production of briefs, if necessary.

After a review of the invoices, Staff will review on an on-going basis and include actual costs deemed to be reasonable and prudent to develop an on-going rate case expense level that it will recommend for recovery in rates normalized over a four-year period.

Missouri Public Service Commission Assessment Expense

The Commission assessment is an amount levied on every regulated utility in Missouri for the recapture of expenses incurred by the Commission for providing the regulation of public utilities under its jurisdiction. Staff adjusted the test year Commission Assessment to the last known assessment based on records from the Commission.

For most utilities, Staff will adjust the PSC Assessment expense to the last known assessment. This was appropriate in this case for Vicinity KC. Since there are only two steam companies in the state of Missouri—Vicinity KC and the steam operations of Evergy Missouri West (formerly part of KCP&L Greater Missouri Operations, an affiliate of KCPL), the amount assessed to steam companies is dramatically higher following any year when there has been steam heat rate case activity. A review of the historical amounts assessed to Vicinity indicated that last known assessment was the best reflection of the amount that should be recovered by the Company.

Injuries and Damages Expense

Injuries and damages expense represents the portion of legal claims against a utility that are not subject to reimbursement under the utility’s insurance policies. Injuries and damages expense normally consists of the following components:

- General Liability
- Auto Liability
- Workers' Compensation

For injuries and damages, Staff examined the cash payouts by Vicinity KC and VEMO during the years 2020 through February 2023. An analysis of the historical data shows only minor amounts since 2020. Staff believes there is no ongoing level of expense that should be included. Therefore, Staff made an adjustment in Account 925 to remove the test year amount of injuries and damages.

Property Taxes

Staff determined the tax ratio of taxes paid in 2022 to the total of plant-in-service and materials and supplies at December 31, 2021. This ratio was then applied to the total Staff-adjusted plant-in-service and materials and supplies at December 31, 2022, to annualize property tax expense for 2023. Staff then adjusted the test year amounts to reflect this annualization.

Vicinity Energy Kansas City, Inc
Case No. HR-2023-0198

Rate of Return
For Steam Heat Operations
Confidential

As of September 30, 2022

Capital Component	Amount (000's)	Percentage of Capital	Cost of Capital	Allowed Rate of Return
	[1]	[2]		
Common Stock Equity	\$ 598,233.00	47.77%	ROE 10.79%	5.16% [4]
Long-Term Debt	\$ 653,988.00	52.23%	Cost of Debt 3.89% [3]	2.03% [5]
Total Capital (Rate Base)	<u>\$ 1,252,221.00</u>	<u>100.00%</u>		<u>7.19%</u>
Audit Provided ROR:	7.19% [6]			0.00%

Notes:

[1] Source: Data Request No. 0095.

[2] = [1]/Total Capital (Rate Base)

[3] Source: Data Request No. 0092

[4] = [2] * ROE

[5] = [2] * [3]

[6] Source: Provided by Audit Department

Vicinity Energy Kansas City, Inc.	
Case No. HR-2023-0198	
Capital Components	
Data Request No. 0095	
In Millions (\$000's)	
Confidential	
Debt	As of 9/30/22
Short-term Debt (Revolving Credit Facility)	\$ 15,000.00
Long-term Debt (CAPEX Facility)	\$ 24,500.00
Long-term Debt (Acquisition Facility)	\$ 614,488.00
Total N/P Debt	\$ 653,988.00
Equity	
Preferred Stock	\$ -
Common Equity	\$ 598,233.00
Total Equity	\$ 598,233.00
Capital	\$ 1,252,221.00
Capital Structure	
Debt/Capital Ratio	52.23%
Equity/Capital Ratio	47.77%
	100.00%

Vicinity Energy Kansas City, Inc.
Case No. HR-2023-0198
Cost of Debt
Data Request No. 0092
****Confidential****

	Month	Days	Rate Basis	Long-Term Debt	Cost of Funding	Spread	Total Cost of Debt	Interest Expense	% of month
Term Loan + Swaps									
	January	31	360	123,000,000	1.6900%	2.0500%	3.74%	396,128.33	
	January	31	360	123,000,000	1.6925%	2.0500%	3.74%	396,393.13	
	January	31	360	123,000,000	1.6590%	2.0500%	3.71%	392,844.92	
	January	31	360	123,000,000	1.6622%	2.0500%	3.71%	393,183.85	
	January	31	360	123,000,000	0.1043%	2.0500%	2.15%	228,170.98	
0.294%	Subtotal January	31	360	615,000,000			3.412%	1,806,721.20	
	February	28	360	123,000,000	1.6900%	2.0500%	3.74%	357,793.33	
	February	28	360	123,000,000	1.6925%	2.0500%	3.74%	358,032.50	
	February	28	360	123,000,000	1.6590%	2.0500%	3.71%	354,827.67	
	February	28	360	123,000,000	1.6622%	2.0500%	3.71%	355,133.80	
	February	28	360	123,000,000	0.1050%	2.0500%	2.16%	206,161.67	
0.265%	February Subtotal	28	360	615,000,000			3.412%	1,631,948.97	
	March	31	360	123,000,000	1.6900%	2.0500%	3.74%	396,128.33	
	March	31	360	123,000,000	1.6925%	2.0500%	3.74%	396,393.13	
	March	31	360	123,000,000	1.6590%	2.0500%	3.71%	392,844.92	
	March	31	360	123,000,000	1.6622%	2.0500%	3.71%	393,183.85	
	March	31	360	123,000,000	0.2086%	2.0500%	2.26%	239,220.21	
0.296%	March Subtotal	31	360	615,000,000			3.432%	1,817,770.43	
	April	29	360	123,000,000	1.6900%	2.0500%	3.7400%	370,571.67	
	April	29	360	123,000,000	1.6925%	2.0500%	3.7425%	370,819.38	
	April	29	360	123,000,000	1.6590%	2.0500%	3.7090%	367,500.08	
	April	29	360	123,000,000	1.6622%	2.0500%	3.7122%	367,817.15	
	April	29	360	123,000,000	0.457430%	2.0500%	2.5074%	248,444.52	
0.281%	April Subtotal	29	360	615,000,000			3.482%	1,725,152.80	
	May	32	360	123,000,000	1.6900%	2.0500%	3.7400%	408,906.67	
	May	32	360	123,000,000	1.6925%	2.0500%	3.7425%	409,180.00	
	May	32	360	123,000,000	1.6590%	2.0500%	3.7090%	405,517.33	
	May	32	360	123,000,000	1.6622%	2.0500%	3.7122%	405,867.20	
	May	32	360	123,000,000	0.76371%	2.0500%	2.8137%	307,632.29	
0.315%	May Subtotal	32	360	615,000,000			3.543%	1,937,103.49	
	June	30	360	123,000,000	1.6900%	2.0500%	3.7400%	383,350.00	
	June	30	360	123,000,000	1.6925%	2.0500%	3.7425%	383,606.25	
	June	30	360	123,000,000	1.6590%	2.0500%	3.7090%	380,172.50	
	June	30	360	123,000,000	1.6622%	2.0500%	3.7122%	380,500.50	
	June	30	360	123,000,000	1.0617%	2.0500%	3.1117%	318,950.28	
0.300%	June Subtotal	30	360	615,000,000			3.603%	1,846,579.53	

	Month	Days	Rate Basis	Long-Term Debt	Cost of Funding	Spread	Total Cost of Debt	Interest Expense	% of month
	July	29	360	\$122,000,000	1.6900%	2.0500%	3.7400%	367,558.89	
	July	29	360	\$122,000,000	1.6925%	2.0500%	3.7425%	367,804.58	
	July	29	360	\$122,000,000	1.6590%	2.0500%	3.7090%	364,512.28	
	July	29	360	\$122,000,000	1.6622%	2.0500%	3.7122%	364,826.77	
	July	29	360	\$126,487,926	1.6661%	2.0500%	3.7161%	378,648.85	
0.300%	July Subtotal	29	360	\$614,487,926			3.724%	1,843,351.36	
	August	33	360	\$122,000,000	1.6900%	2.0500%	3.7400%	418,256.67	
	August	33	360	\$122,000,000	1.6925%	2.0500%	3.7425%	418,536.25	
	August	33	360	\$122,000,000	1.6590%	2.0500%	3.7090%	414,789.83	
	August	33	360	\$122,000,000	1.6622%	2.0500%	3.7122%	415,147.70	
	August	33	360	\$126,487,926	2.3723%	2.0500%	4.4223%	512,752.43	
0.355%	August Subtotal	33	360	\$614,487,926			3.869%	2,179,482.88	
	September	30	360	\$122,000,000	1.6900%	2.0500%	3.7400%	380,233.33	
	September	30	360	\$122,000,000	1.6925%	2.0500%	3.7425%	380,487.50	
	September	30	360	\$122,000,000	1.6590%	2.0500%	3.7090%	377,081.67	
	September	30	360	\$122,000,000	1.6622%	2.0500%	3.7122%	377,407.00	
	September	30	360	\$126,487,926	2.5239%	2.0500%	4.5739%	482,115.06	
0.325%	September Subtotal	30	360	\$614,487,926			3.900%	1,997,324.56	
	October	31	360	\$122,000,000	1.6900%	2.0500%	3.7400%	392,907.78	
	October	31	360	\$122,000,000	1.6925%	2.0500%	3.7425%	393,170.42	
	October	31	360	\$122,000,000	1.6590%	2.0500%	3.7090%	389,651.06	
	October	31	360	\$122,000,000	1.6622%	2.0500%	3.7122%	389,987.23	
	October	31	360	\$126,487,926	4.1865%	2.0500%	6.2365%	679,276.21	
0.365%	October Subtotal	31	360	\$614,487,926			4.243%	2,244,992.70	
	November	30	360	\$122,000,000	1.6900%	2.0500%	3.7400%	380,233.33	
	November	30	360	\$122,000,000	1.6925%	2.0500%	3.7425%	380,487.50	
	November	30	360	\$122,000,000	1.6590%	2.0500%	3.7090%	377,081.67	
	November	30	360	\$122,000,000	1.6622%	2.0500%	3.7122%	377,407.00	
	November	30	360	\$126,487,926	3.7539%	2.0500%	5.8039%	611,765.18	
0.346%	November Subtotal	30	360	\$614,487,926			4.154%	2,126,974.68	
	December	30	360	\$122,000,000	1.6900%	2.0500%	3.7400%	380,233.33	
	December	30	360	\$122,000,000	1.6925%	2.0500%	3.7425%	380,487.50	
	December	30	360	\$122,000,000	1.6590%	2.0500%	3.7090%	377,081.67	
	December	30	360	\$122,000,000	1.6622%	2.0500%	3.7122%	377,407.00	
	December	30	360	\$126,487,926	4.1865%	2.0500%	6.2365%	657,364.08	
0.354%	December Subtotal	30	360	\$614,487,926			4.243%	2,172,573.58	
	2022 Weighted Cost of Debt								
		3.795%	2.730%						

Capex

	Month	Days	Rate Basis	Long-Term Debt	Cost of Funding	Spread	Total Cost of Debt	Interest Expense	% of month
	June	2	360	\$11,100,000	1.652290%	2.0500%	3.7023%	2,283.08	100.0%
0.021%	June Subtotal	2	360				3.7023%		
	July	29	360	\$11,100,000	1.6523%	2.0500%	3.7023%	33,104.64	92.4%
	July	2	360	\$11,100,000	2.3723%	2.0500%	4.4223%	2,727.08	7.6%
0.324%	July Subtotal	31	360	\$11,100,000			3.757%	35,831.72	
	August	31	360	\$11,100,000	2.3723%	2.0500%	4.4223%	42,269.72	100.0%
0.381%	August Subtotal	31	360				4.4223%		
	September	30	360	\$11,100,000	2.5239%	2.05%	4.5739%	42,308.21	57%
	September	1	360	7,200,000.00	4.5000%	2.05%	6.5500%	1,310.00	2%
	September	8	360	7,200,000.00	5.2500%	2.05%	7.3000%	11,680.00	16%
	September	24	360	\$6,200,000	2.63%	2.05%	4.6833%	19,357.60	26%
0.422%	September Subtotal	30	360	\$31,700,000			5.063%	74,655.80	
	October	6	360	\$6,200,000	2.633%	2.05%	4.683%	4,839.40	4.4%
	October	31	360	\$11,100,000	3.12%	2.05%	5.165%	49,371.56	45.4%
	October	25	360	\$6,200,000	3.19%	2.05%	5.236%	22,542.64	20.7%
	October	31	360	\$7,200,000	3.12%	2.05%	5.165%	32,024.80	29.4%
0.444%	October Subtotal	31	360				5.158%	108,778.40	
	November	7	360	\$6,200,000	3.19%	2.05%	5.24%	6,311.94	4.8%
	November	30	360	\$11,100,000	3.75%	2.05%	5.80%	53,685.71	40.7%
	November	30	360	\$7,200,000	3.75%	2.05%	5.80%	34,823.16	26.4%
	November	23	360	\$6,200,000	3.85%	2.05%	5.90%	23,356.97	17.7%
	November	8	360	\$10,200,000	4.03%	2.05%	6.08%	13,784.80	10.4%
0.485%	November Subtotal	30	360				5.822%	131,962.57	
	December	7	360	\$6,200,000	3.85%	2.05%	5.90%	7,108.64	3.76%
	December	22	360	\$10,200,000	4.03%	2.05%	6.08%	37,908.20	20.06%
	December	30	360	\$11,100,000	4.19%	2.05%	6.24%	57,687.26	30.53%
	December	30	360	7,200,000	4.19%	2.05%	6.24%	37,418.76	19.80%
	December	24	360	\$6,200,000	4.32%	2.05%	6.37%	26,317.51	13.93%
	December	9	360	\$10,200,000	4.42%	2.05%	6.47%	16,500.11	8.73%
	December	2	360	\$7,600,000	4.42%	2.05%	6.47%	2,732.83	1.45%
	December	1	360	\$7,200,000	4.42%	2.05%	6.47%	1,294.61	0.69%
	December	1	360	\$11,100,000	4.42%	2.05%	6.47%	1,995.85	1.06%
0.537%	December Subtotal	31	360				6.24%	188,963.78	

2022 Weighted Cost of Debt (Capex) 5.227% 2.294%

2022 Weighted Cost of Debt (Term Loan)	3.795%	
2022 Term Loan Amount	\$614,487,926	93.56%
2022 Weighted Cost of Debt (Capex)	5.227%	
2022 Capex Loan Amount:	\$42,300,000	6.44%
2022 Weighted Cost of Debt (Total)	3.887%	

Vicinity Energy Kansas City, Inc.

Case No. HR-2023-0198

EBITDA

Data Request No. 009

****Confidential****

<u>EBITDA</u>	Q3 '22	Q2 '22	Q1 '22	2021	2020
Net Income	\$ 402,050.19	\$ (169,209.99)	\$ (362,026.49)	\$ (478,445.68)	\$ 56,562.73
Interest	43,026.7	49,523.4	53,379.0	165,715.9	-
Taxes	161,470.0	(33,651.1)	(101,982.6)	(68,424.9)	106,998.1
Depreciation/amortization	247,980.3	247,910.9	250,262.5	982,542.2	961,933.0
EBITDA	\$ 854,527.14	\$ 94,573.24	\$ (160,367.62)	\$ 601,387.39	\$ 1,125,493.86

Vicinity Energy Kansas City, Inc.

Case No. HR-2023-0198

Net Income

Data Request No. 009

****Confidential****

	<u>Net Income</u>
2015	\$ (738,196.40)
2016	\$ (777,466.47)
2017	\$ (759,542.07)
2018	\$ (1,103,218.64)
2019	\$ (2,086,516.61)
2020	\$ 56,562.73
2021	\$ (478,445.68)
Q1 2022	\$ (362,026.49)
Q2 2022	\$ (169,209.99)
Q3 2022	\$ 402,050.19

Vicinity Energy Kansas City, Inc
Schedule of Depreciation Rates
HR-2023-0198

Account Number	Plant Account Description	Depreciation Rate
	DISTRIBUTION PLANT	
361	Distribution Structures	0.00%
362	Distribution Station Equipment	2.40%
366	Underground Conduit	2.02%
367	Underground Conduit and Devices	0.00%
369	Services	2.50%
370	Meters	0.00%
	PRODUCTION PLANT	
310	Land and land rights	0.00%
311	Structures and improvements-HR-2008-0300	0.00%
311.1	Structures and Improvements-additions-post-HR-2008-0300	2.00%
312	Boiler plant equipment-HR-2008-0300	0.00%
312.1	Boiler plant equipment additions post HR-2008-0300	2.00%
313	Engines&engine-drvn generators	0.00%
314	Turbogenerator units	0.00%
315	Accessory electrical equipment	0.00%
316	Misc. power plant equipment	0.00%
	GENERAL PLANT	
391	Office Furniture & Equipment	4.17%
391.1	Computers	14.30%
392	Transportation Equipment	0.00%
394	Tools, Shop, & Garage Equipment	3.68%
397	Communications Equipment	6.67%
398	Miscellaneous Equipment	3.71%
399	Other Tangible Property	0.00%

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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

NON-UNANIMOUS DISPOSITION AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, on behalf of itself and Veolia Energy Kansas City, Inc. (Veolia or Company), and for its *Non-Unanimous Disposition Agreement* hereby states:

1. Veolia Energy Kansas City, Inc. filed its *Request to Initiate a Small Utility Rate Case* on May 10, 2018. Through corroboration and compromise the Company, Staff and OPC have reached a unanimous disposition agreement, which they now submit for the Commission's consideration. The Disposition Agreement itself is attached to this pleading as Attachment A.

2. The Agreement includes a revenue requirement increase of \$463,597 or 6.8% and a capital structure of 51.78% common equity, 48.22% long-term debt, a return on equity of 9.7%, and cost of debt of 4.49%. The after tax rate of return is 7.19%. The proposed rates reflect a revenue increase/shift of approximately 2% 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 are to remain unchanged. The agreed to billing determinants are outlined in the Agreement.

3. The parties incorporated the full effect of the 2017 Tax Cuts and Jobs Act in quantifying the calculated 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.

4. Tariff changes are incorporated into the agreement and are outlined specifically in the Agreement document and are reflected in Appendix D. Pursuant to 4 CSR 240-10.075(11)(C) the utility will submit to the commission, concurrent with the filing, the revised tariff sheets bearing an effective date of not fewer than forty-five (45) days after they are filed, to implement the agreement.

5. The parties also agreed to incorporate the Non-Unanimous Stipulation and Agreement entered into in Veolia's prior rate case (Case No. HR-2014-0066) except to the extent outlined in the Disposition Agreement.

6. Counsel for the Office of Public Counsel (OPC), a non-signatory party to this case, has had an opportunity to review this *Non-Unanimous Disposition Agreement* and has indicated OPC will not object to it or request a hearing on the issues resolved.

7. Veolia filed its rate case pursuant to the Small Utility Rate Case Procedure outlined in Commission rule 4 CSR 240-3.050, which was rescinded May 2018 after the proceeding was filed. The parties intend for subpart 14 of that rule, which requires proposed tariff sheets to bear an effective date of no less than 30 days from the date of filing, to govern the specimen tariff sheets filed in conjunction with this Agreement as Appendix D. However, should the Commission determine that this is improper, the parties ask the Commission to waive the provisions of Commission rule 4 CSR 240-10.075(11)(C), which requires tariff sheets filed pursuant to an Agreement that is not executed by all parties to a proceeding to bear an effective date of no later than 45 days from the date of filing.

WHEREFORE, Staff prays that the Commission will approve this *Non-Unanimous Disposition Agreement*; order Veolia Energy Kansas City, Inc. to file tariff sheets consistent with the proposed tariff sheets included as Appendix D to this Disposition Agreement should the Commission approve it without modification; to permit 4 CSR 240-3.050(14) to govern the tariff sheets filed as Appendix D or in the alternative to waive the provisions of 4 CSR 240-10.075(11)(C); and grant such other and further relief as the Commission considers just in the circumstances.

Respectively submitted,

/s/ Whitney Payne

Whitney Payne
Senior Counsel
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Attorney for the Staff of the
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 26th day of October, 2018, to all counsel of record.

/s/Whitney Payne

**NON-UNANIMOUS AGREEMENT REGARDING DISPOSITION OF SMALL
COMPANY REVENUE INCREASE REQUEST**

Veolia Energy Kansas City, Inc.

MO PSC File NO. HR-2018-0341

NON-UNANIMOUS DISPOSITION AGREEMENT

BACKGROUND

Veolia Energy Kansas City, Inc. (“Veolia” or “Company”) initiated the small company revenue increase request ("Request") that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). The Company filed its request letter to initiate this case on May 10, 2018.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.)

Upon completion of its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with information regarding Staff's investigation and the results of the investigation, including Staff's initial recommendations for resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

1. The agreed upon revenue requirement increase of \$463,597 (6.8% increase¹) added to the level of previous revenues of \$6,879,807 results in overall annual revenues of \$7,343,404. This revenue requirement is just and reasonable and designed to recover the Company's cost of service.

¹ Approximately after rounding.

2. To allow the Company the opportunity to collect the revenue requirement agreed to in item 1. above, the rates as shown on Appendix A, are just and reasonable rates that the Company will be allowed to charge its customers. These rates reflect a cost recovery shift of approximately two percent above system average increase to the IHS class with a residual equal percentage increase across-the-board to all other rate classes, with the exception of meter charges which will remain unchanged. The resulting changes for each rate class are shown in Appendix A.
3. Staff's Auditing Department conducted a full and complete audit of the Company's books and records using the 12-month period ended December 31, 2017, updated to May 31, 2018, as the basis for the revenue requirement determined above. The audit findings can be found in Appendix B, incorporated by reference herein.
4. The agreed upon Capital Structure consists of 51.78% common equity and 48.22% long term-debt, return on equity is 9.7%, with a cost of debt of 4.49%. This results in an after-tax rate of return of 7.19%.
5. Depreciation Rates are adopted from the Non-Unanimous Stipulation and Agreement approved by the Commission in HR-2014-0066, which is attached as Appendix E. The agreed upon net rate base is \$29,111,278.
6. The disposition of this proceeding incorporates the full effect of the 2017 Tax Cuts And Jobs Act ("2017 Tax Act"). The 21% Federal tax rate was applied in quantifying the calculated revenue deficiency. The Company quantified the amount of excess Accumulated Deferred Income Tax ("ADIT") reserves resulting from the 2017 Tax Act and transferred such excess to a regulatory liability account in early 2018. The excess regulatory liability was recognized as an offset to rate base. The amortization of the regulatory liability as a credit to ratepayers will not commence until the first day of the month in which the rate change in this case becomes effective, based on a 20-year amortization term.

7. The Parties agree to use the following billing determinants (i.e., metered steam sales) in quantifying the tariff rates and charges resulting from this proceeding:

	<u>Sales (mlbs)</u>
SCS	37,683
LCS	343,923
IHS	37,097
Total Tariff Sales	418,703
Process Steam Total	<u>1,253,361</u>
Total Sales	<u><u>1,672,064</u></u>

8. The Production Adjustment Cost Clause Tariff shall be updated with the following:

- a. Recovery of costs associated with FERC Account 5027 (chemicals) will be added;
- b. Recovery of costs associated with FERC Account 5013 (coal) will no longer be included; and
- c. The base factor shall be set at \$7.18/Mlb. The calculation of the base factor is shown in Appendix C.

9. The IHS tariff shall be modified to allow any current customer at an existing location with operable steam boilers installed prior to 2018 to qualify for this rate. The tariff shall also be modified to remove the annual steam consumption limit of 100,000 mlbs.

10. Subparagraphs 5(b)-(e) of the Non-Unanimous Stipulation and Agreement in Case No. HR-2014-0066, which is attached as Appendix E, contain provisions requiring certain feasibility studies and filing requirements with regard to identifiable “new expansion customers” (i.e., a new customer or cluster of customers added in the expansion of Veolia’s service territory approved in that proceeding). Veolia expressed concern that, with the passage of time, the distinction between old and new service territories becomes lost and stated that is no longer necessary or appropriate to single out customers added in that “new expansion” area from the pre-existing service territory. The parties agree that subparagraphs 5(b)-(e) of the Non-Unanimous Stipulation and Agreement approved in Case No. HR-2014-0066 shall not be adopted by this Disposition Agreement. Veolia agrees to conduct and retain feasibility studies documenting customer line extensions in excess of one thousand (1,000) continuous linear feet, regardless of location. Such information will be

available for review and evaluation by Staff or OPC in the next following rate case.

11. Veolia has included with this Disposition Agreement revised tariff sheets reflecting the agreed upon conditions in this Disposition Agreement with an effective date of not less than 30 days after the filing date. The specimen tariff sheets can be found in Appendix D.

12. The parties agree that all terms and conditions of Veolia’s tariff, and the conditions set forth in the Non-Unanimous Stipulation and Agreement approved by the Commission in HR-2014-0066, are adopted except as specifically noted by the terms of this Disposition Agreement. This includes the requirement for Veolia to file a rate case no less than every four years if the PACC is to be retained. The 2014 Non-Unanimous Stipulation is included as Appendix E.

13. Counsel for the Office of Public Counsel (OPC), a non-signatory party to this case, has had an opportunity to review this *Non-Unanimous Disposition Agreement* and has indicated OPC will not object to it or request a hearing on the issues resolved.

14. **General Provisions:**

a. This Disposition Agreement is being entered into solely for the purpose of settling Case No. HR-2018-0341. Unless otherwise explicitly provided herein, none of the Parties to this Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle including, without limitation, any method of cost determination or cost allocation or revenue-related methodology, any service or payment standard, cost of capital methodology or capital structure, rate design principle or methodology, or depreciation principle or methodology, and except as explicitly provided herein, none of the Parties shall be prejudiced or bound in any manner by the terms of this Agreement (whether this Agreement is approved or not) in this or any other Commission or judicial review or other proceeding, other than a proceeding limited to enforcing the terms of this Agreement. Nothing in this Agreement shall preclude the Staff in future proceedings from providing recommendations as requested by the Commission nor limit Staff’s access to information in any other proceedings. Nothing in this Agreement shall be deemed a waiver of any statute or

Commission regulation.

b. This Agreement has resulted from extensive negotiations among the Parties and the terms hereof are interdependent. If the Commission does not approve this Agreement unconditionally and without modification, then this Agreement shall be void and no Party shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

c. If the Commission does not approve this Agreement without condition or modification, and notwithstanding the provision herein that it shall become void, neither this Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Agreement had not been presented for approval. The Parties agree that any and all discussions, suggestions, memoranda, testimony or exhibits that have been reviewed, discussed, offered or received in relation to and/or support of this Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall not be subject to discovery, admissible in evidence, shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever, or in any way used, described or discussed.

d. In the event the Commission approves the specific terms of this Agreement without condition or modification, the Parties waive their respective rights to call, examine, and cross-examine witnesses pursuant to §536.070(2) RSMo 2000, present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. These waivers apply only to a Commission order approving this Agreement without condition or modification issued in this above-captioned proceeding and only to the issues that are resolved hereby. These waivers do not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

SIGNATURES

Agreement Signed and Dated:



Keith Oldewurtel
Senior Vice President
Veolia Energy Kansas City, Inc.

26 OCTOBER 2018

Date



Jamie Myers
Deputy Staff Director
Missouri Public Service Commission Staff

10/26/2018

Date

List of Appendixes

Appendix A – Tariffed Rates

Appendix B – Staff Audit Report

Appendix C – PACC Base Factor Calculation

Appendix D – Example Tariff Sheets

Appendix E – Non-Unanimous Stipulation and Agreement, Case No. HR-2014-0066

VEOLIA ENERGY KANSAS CITY
CASE NO. HR-2018-0341
Summary of Proposed Rates

Energy Charge - All Tariff Customers
(LCS, SCS, IHS, CR/ES excluding HRH)

Energy Charge	All Usage	PACC	NON-PACC	\$	/mlb
		7.18	\$ 3.82		

Large Commercial Service
(LCS)

				Mlb/Hour	\$/mlb/hr	
Winter Demand	1st Block	first 3.0	\$ 43,806.33	3.0	\$ 14,602.11	
	2nd Block	next 3.0	\$ 81,041.70	6.0	\$ 12,411.79	-15.0%
	3rd Block	next 3.0	\$ 117,346.20	9.0	\$ 12,101.50	-2.5%
	4th Block	next 3.0	\$ 152,743.08	12.0	\$ 11,798.96	-2.5%
	5th Block	next 3.0	\$ 187,255.05	15.0	\$ 11,503.99	-2.5%
	6th Block	over 15.0			\$ 11,216.39	-2.5%

Summer Demand 1/10th

Meter Charge	1st Meter	\$	100
	Each Additional Meter	\$	50

Standard Commercial Service
(SCS)

				Monthly Mlbs	Variable	Fixed	\$/mlb	Cumulative Mlbs
Volumetric	1st Block	first 5.0	\$ 129	5	\$ 11.00	\$ 14.90	\$ 25.90	5
	2nd Block	next 20.0	\$ 492	20	\$ 11.00	\$ 13.59	\$ 24.59	25
	3rd Block	next 75.0	\$ 1,629	75	\$ 11.00	\$ 10.72	\$ 21.72	100
	4th Block	over 100.0			\$ 11.00	\$ 8.95	\$ 19.95	

(Note: Stated rate includes Energy Charge.)

Meter Charge	1st Meter	\$	75
	Each Additional Meter	\$	50

Interruptible Heating Service
(IHS)

				Peak-Hour Mlb Use	\$/>mlb/hr	
Capacity	1st Block	first 3.0	\$ 27,782.73	3.0	\$ 9,260.91	0.0%
	2nd Block	next 3.0	\$ 52,787.19	6.0	\$ 8,334.82	-10.0%
	3rd Block	next 3.0	\$ 75,291.21	9.0	\$ 7,501.34	-10.0%
	4th Block	next 3.0	\$ 95,544.84	12.0	\$ 6,751.21	-10.0%
	5th Block	next 3.0	\$ 113,773.11	15.0	\$ 6,076.09	-10.0%
	6th Block	over 15.0			\$ 5,468.48	-10.0%

Meter Charge	1st Meter	\$	100
	Each Additional Meter	\$	50

VEOLIA ENERGY KANSAS CITY
CASE NO. HR-2018-0341
Summary of Proposed Rates

**Residential High-Rise
(RHR only)**

Energy Charge	All Usage	PACC	NON-PACC	Subtotal	Fixed Contrib	\$/mlb
		7.18	3.82	\$ 11.00	\$ 10.26	\$ 21.26

Meter Charge (per meter)	Meter Cost up to	Meter Cost over	Meter Cost over	Meter Cost over	Meter Cost over
		\$ 500.00	up to	\$ 1,000.00	\$ 11.26
		\$ 1,000.00	up to	\$ 1,500.00	\$ 16.89
		\$ 1,500.00	up to	\$ 2,000.00	\$ 22.51
		\$ 2,000.00	up to	\$ 2,500.00	\$ 28.14

**Capacity Reserve and Emergency Service
(CR/ES)**

Annual Demand		Block Max.	Mlb/Hour	\$/mlb/hr	
1st Block	first 3.0	\$ 26,269.56	3.0	\$ 8,756.52	0.0%
2nd Block	next 3.0	\$ 49,912.17	6.0	\$ 7,880.87	-10.0%
3rd Block	next 3.0	\$ 71,190.51	9.0	\$ 7,092.78	-10.0%
4th Block	next 3.0	\$ 90,341.01	12.0	\$ 6,383.50	-10.0%
5th Block	next 3.0	\$ 107,576.46	15.0	\$ 5,745.15	-10.0%
6th Block	over 15.0			\$ 5,170.64	-10.0%

Meter Charge		
	1st Meter	\$ 100
	Each Additional Meter	\$ 50

Appendix C

Veolia Energy Kansas City, Inc.

Case No. HR-2018-0341

FERC	Description	HR-2014-0066	HR-2018-0341
		Base Level	Updated Base Level
<u>Annualized Fuel & Consumable Expense:</u>			
501.100	Fuel Expense - Natural Gas	\$ 1,440,462	\$ 7,423,915
501.200	Fuel Expense - Gas Transportation	152,100	1,758,122
501.300	Fuel Expense - Coal (excl. coal handling)	7,678,435	-
501.700	Fuel Expense - Purchased Power	458,312	308,997
502.100	Consumable-Water	1,164,631	342,393
502.200	Consumable-Sewer	1,677,705	2,021,868
502.600 & .700	Consumable-Chemicals		150,005
501.000	Contractors: RO System		
	Total	<u>\$ 12,571,645</u>	<u>\$ 12,005,300</u>
<u>PACC Factors:</u>			
	Fuel-related only	\$ 5.672	\$ 5.491
	Purchased Power only	\$ 0.280	\$ 0.185
	Consumables only	\$ 1.739	\$ 1.504
	Contractors: RO System	\$ -	\$ -
	Total	<u>\$ 7.691</u>	<u>\$ 7.180</u>
<u>MLB Sales:</u>			
	LCS Adj Mlbs (incl. VEMO)	409,884	343,923
	SCS Adj Mlbs	26,513	37,683
	IHS Adj Mlbs	75,609	37,097
	Subtotal - Tariff	<u>512,006</u>	<u>418,703</u>
	Add: Special Contract MLBs	1,122,564	1,253,361
	Total	<u>1,634,570</u>	<u>1,672,064</u>

Basis for MLB Estimate:Weather Factors
Process SteamStaff revised
Avg. 2016-2017

VEOLIA ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

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.

DATE OF ISSUE 10 26 2018
month day year

DATE EFFECTIVE 12 1 2018
month day year

ISSUED BY: Keith Oldewurtel Senior Vice President 115 Grand Blvd., Kansas City, MO 64106
name of officer title address

VEOLIA ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

VEOLIA ENERGY KANSAS CITY, INC
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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name of officer title address

VEOLIA ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

VEOLIA ENERGY KANSAS CITY, INC
RATES FOR STEAM SERVICE
LARGE COMMERCIAL SERVICE ("LCS") SCHEDULE

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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ISSUED BY: Keith Oldewurtel Senior Vice President 115 Grand Blvd., Kansas City, MO 64106
name of officer title address

VEOLIA ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

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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Name of Issuing Corporation

For KANSAS CITY, MISSOURI
Community, Town or City

VEOLIA ENERGY KANSAS CITY, INC.
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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name of officer title address

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
INTERRUPTIBLE HEATING SERVICE ("IHS") SCHEDULE

(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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ISSUED BY: Keith Oldewurtel, Senior Vice President, 115 Grand Blvd., Kansas City, MO 64106
name of officer title address

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
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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name of officer title address

VEOLIA ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

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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name of officer title address

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
CAPACITY RESERVE AND EMERGENCY SERVICE ("CR/ES") SCHEDULE

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.

DATE OF ISSUE 10 26 2018
month day year

DATE EFFECTIVE 12 1 2018
month day year

ISSUED BY: Keith Oldewurtel, Senior Vice President 115 Grand Blvd., Kansas City, MO 64106
name of officer title address

VEOLIA ENERGY KANSAS CITY, INC.

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

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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RATES FOR STEAM SERVICE
PRODUCTION ADJUSTMENT COST CLAUSE (“PACC”)**

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_i 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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RATES FOR STEAM SERVICE
PRODUCTION ADJUSTMENT COST CLAUSE ("PACC")

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

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.

<u>Period</u>	<u>First Effective Date</u>	<u>Last Effective Date</u>	<u>PACC_t</u>
Jan 1, 2017- Dec 31, 2017	April 1, 2018	March 31, 2019	(\$0.16412)

B. Reconciliation Adjustment Table.

<u>Period</u>	<u>First Effective Date</u>	<u>Last Effective Date</u>	<u>PACC_t</u>
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For KANSAS CITY, MISSOURI.
Community, Town or City

VEOLIA ENERGY KANSAS CITY, INC.
RATES FOR STEAM SERVICE
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			<u>\$0</u>
8. Total Dollar Amount to Determine Adjustment Factor	Line 5 + Line 6 + Line 7		\$(269,018.14)
9. Accumulation Period Metered Steam Sales	mlb		<u>1,639,135</u>
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.

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ISSUED BY: Keith Oldewurtel Senior Vice President 115 Grand Blvd., Kansas City, MO 64106
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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter Veolia Energy Kansas)
City's Inc.'s Request to Initiate a Small)
Utility Rate Case)
Case No. HR-2018-0341

AFFIDAVIT OF MICHELLE A. BOCKLAGE

STATE OF MISSOURI)
)
) ss.
COUNTY OF COLE)

COMES NOW Michelle A. Bocklage and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Disposition Agreement; and that the same is true and correct according to her best knowledge and belief.

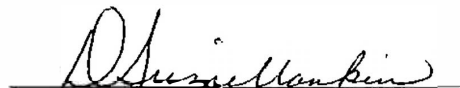
Further the Affiant sayeth not.


Michelle A. Bocklage

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of October, 2018.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter Veolia Energy Kansas)
City's Inc.'s Request to Initiate a Small) **Case No. HR-2018-0341**
Utility Rate Case)

AFFIDAVIT OF DEBORAH DUNCAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Deborah Duncan and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Disposition Agreement; and that the same is true and correct according to her best knowledge and belief.

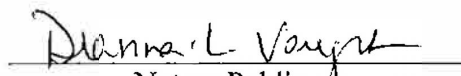
Further the Affiant sayeth not.



Deborah Duncan

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 23rd day of October, 2018.



Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter Veolia Energy Kansas)
 City's Inc.'s Request to Initiate a Small) **Case No. HR-2018-0341**
 Utility Rate Case)

AFFIDAVIT OF KEITH D. FOSTER

STATE OF MISSOURI)
) ss.
 COUNTY OF COLE)

COMES NOW Keith D. Foster and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Disposition Agreement; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

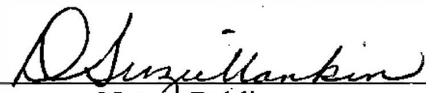


Keith D. Foster

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of October, 2018.

D. SUZIE MANKIN
 Notary Public - Notary Seal
 State of Missouri
 Commissioned for Cole County
 My Commission Expires: December 12, 2020
 Commission Number: 12412070



 Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter Veolia Energy Kansas)
City's Inc.'s Request to Initiate a Small)
Utility Rate Case) Case No. HR-2018-0341

AFFIDAVIT OF ROBIN KLIETHERMES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Robin Kliethermes and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Disposition Agreement; and that the same is true and correct according to her best knowledge and belief.

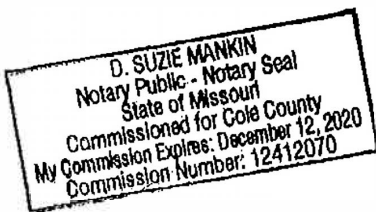
Further the Affiant sayeth not.

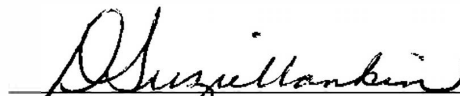


Robin Kliethermes

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of October, 2018.





Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter Veolia Energy Kansas)
City's Inc.'s Request to Initiate a Small)
Utility Rate Case)

Case No. HR-2018-0341

AFFIDAVIT OF AMANDA C. MCMELLEN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

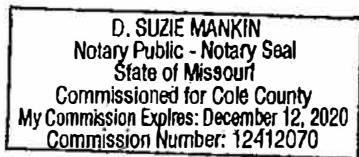
COMES NOW Amanda C. McMellen and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Disposition Agreement; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Amanda C. McMellen

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of October, 2018.




Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter Veolia Energy Kansas)
City's Inc.'s Request to Initiate a Small) Case No. HR-2018-0341
Utility Rate Case)

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Michael L. Stahlman and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Disposition Agreement; and that the same is true and correct according to his best knowledge and belief.

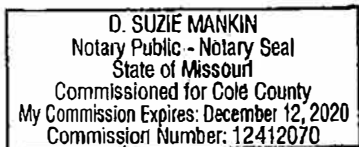
Further the Affiant sayeth not.



Michael L. Stahlman

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 20th day of October, 2018.





Notary Public