

**Exhibit No.**

**Issue:** Adjustment to PACC Rate

**Witness:** Matthew J. DiGeronimo

**Type of Exhibit:** Direct Testimony

**Sponsoring Party:** Veolia Energy Kansas  
City Inc.

**Case No.** HR-2016-\_\_\_\_\_

**Date Testimony Prepared:** January 28, 2016

**BEFORE THE PUBLIC SERVICE COMMISSION**

**STATE OF MISSOURI**

**DIRECT TESTIMONY**

**OF**

**MATTHEW J. DIGERONIMO**

**VEOLIA ENERGY KANSAS CITY, INC.**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Veolia Energy )  
Kansas City Inc's Adjustment to )  
its PACC Tariff Rate )


Case No. HR-2016-

STATE OF MO )  
COUNTY OF CLAY ) SS

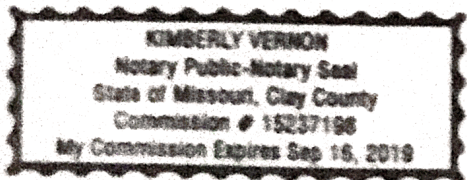
Affidavit of Matthew J. DiGeronimo


Matthew J. DiGeronimo, being first duly sworn, on his oath states:

1. My name Matthew J. DiGeronimo, I am the General Manager of Veolia Energy Kansas City, Inc. My business address is 115 Grand Blvd., Kansas City MO 64106.
2. Attached hereto and made a part hereof for all purposes is my direct testimony, which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. HR-2016-\_\_\_\_ (In the Matter of Veolia Energy Kansas City Inc's Adjustment to its PACC Tariff Rate).
3. I hereby swear and affirm that the testimony is true and correct.

  
Matthew J. DiGeronimo

Subscribed and sworn to before me this 28 day of January, 2016.



  
Notary Public

**TABLE OF CONTENTS**  
**DIRECT TESTIMONY OF**  
**MATTHEW J. DIGERONIMO**

<b>Section</b>	<b>Page Ref.</b>
Overview	1
Mlb sales by rate class and by individual customer	4
Fuel, purchased electricity and consumable costs included in rates	5
Calculation of the proposed PACC collection rates	5
 <b>Attachments</b>	
Schedule HC MJD-1	
Schedule HC MJD-2	
Schedule HC MJD-3	

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
DIRECT TESTIMONY OF MATTHEW J. DIGERONIMO  
ON BEHALF OF VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2016-\_\_\_\_\_**

1 **OVERVIEW**

2 **Q. Please state your name and business address.**

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

5

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

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

10

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

13 A. No.

14

15 **Q. Please summarize the purpose and content of your testimony.**

16 A. Veolia’s Production Adjustment Cost Clause (PACC) became effective on  
17 January 1, 2015, which includes Veolia’s obligation to file an annual, with an  
18 option for semi-annual, rate adjustments to reflect 95% of the changes to  
19 production costs. The purpose of my testimony is to support Veolia’s annual

1 PACC filing (including, but not limited to, the 1<sup>st</sup> revised sheet No. 36 and 1<sup>st</sup>  
2 revised sheet No. 37) as required by the Non-unanimous Stipulation and  
3 Agreement in Case No. HR-2014-0066 and PACC tariff, to adjust customer rates  
4 for changes in Veolia's PACC production costs experienced during the  
5 accumulation period January 2015 through December 2015.

6  
7 The costs passed through this PACC filing reflect ninety-five percent (95%) of the  
8 difference between actual fuel, purchased power, and consumable costs and these  
9 costs as set in base rates. The base rates were set in Case No. HR-2014-0066 at  
10 seven dollars and sixty-nine cents per thousand pounds of steam (\$7.69/mlb). The  
11 PACC production costs included in this filing (including regulatory accounts)  
12 are: (a) fuel costs: (i) 5011 Fuel expense – natural gas; (ii) 5012 Fuel expense –  
13 natural gas transport; (iii) 5013 Fuel expense – coal (including delivery, handling  
14 & testing); (iv) 5017 Fuel expense – purchased electricity; (b) consumable costs:  
15 5021 Consumable expense – water; (ii) 5022 Consumable expense – sewer. In  
16 accordance with the terms of the PACC tariff, no capital costs or internal  
17 company labor has been included in actual production costs reported during the  
18 Accumulation Period.

19  
20 The Recovery Period applicable to this filing will consist of the billing months  
21 April 2016 – March 2017. Pursuant to the reporting requirements contained in the  
22 Non-unanimous Stipulation and Agreement, the testimony will address: (1) Mlb  
23 sales by rate class and by individual customer, separately showing steam sales to

1 Veolia Missouri and the process steam customers; (2) Fuel, purchased electricity  
2 and consumable costs included in base rates, the amount of such costs includable  
3 in the PACC and the variance of eligible costs during the Accumulation Period;  
4 and (3) calculation of the proposed PACC collection rates, along with supporting  
5 work papers.

6

7 **Q. What adjustment is being made in this filing?**

8 A. Customer rates will decrease (refund) \$0.17905 per Mlb driven primarily by  
9 decreases in the cost of fuel and system efficiencies Veolia implemented such as  
10 installing new super heaters in two boilers in late 2014 and early 2015, as well as  
11 boiler tube repairs made in 2014. These projects increased Veolia's efficiency  
12 which will result in a reduction (refund) of customer rates. The refund represents  
13 ninety-five percent (95%) of the total company PACC variance from PACC base  
14 cost. The PACC will appear as a separate line item on the customer's bills  
15 starting with April 2016, when the Recovery Period applicable to the subject  
16 Accumulation Period begins.

17

18 **Q. How did Veolia calculate the PACC adjustments requirements contained in**  
19 **the Non-unanimous stipulation and agreement in Case No. HR-2014-0066**  
20 **and Veolia's PACC Tariff?**

21 A. In order to address the specific PACC filing requirements contained in the Non-  
22 unanimous stipulation and agreement in Case No. HR-2014-0066 and Veolia's

1 PACC Tariff, the following information associated with the filing of this case was  
2 prepared by me or under my direction and supervision:

3 1. Base Costs attached as Schedule MJD-1. This schedule details the  
4 regulatory accounts filed under Case No. HR-2014-0066 Base Amount,  
5 the accounts in the applicable Accumulation Period, and the variance. The  
6 schedule also details steam sales per customer class.

7 2. PACC Rider attached as Schedule MJD-2. This schedule details  
8 the calculation of the production adjustment pursuant to the PACC tariff  
9 rider.

10 3. Customer Sales attached as Schedule MJD-3. This schedule  
11 details customer accounts, sales (in Mlbs), the impact of the PACC rate  
12 adjustment in the Recovery Period and the monthly PACC adjustment  
13 (refund).

14

15 **MLB SALES BY RATE CLASS AND BY INDIVIDUAL CUSTOMER,**  
16 **SEPARATELY SHOWING STEAM SALES TO VEOLIA MISSOURI AND THE**  
17 **PROCESS STEAM CUSTOMERS**

18 **Q. Please detail Mlb sales by rate class and by individual customer, separately**  
19 **showing steam sales to Veolia Missouri and the process steam customers.**

20 A. Please see Schedule MJD-1 for Mlb sales by rate class. Please see Schedule  
21 MJD-3 for sales by individual customer (detailed as Tariff Customer account  
22 codes). The steam sales to Veolia Missouri are shown in Schedule MJD-3  
23 customer account numbers K1174 and K1210 and total sales to Veolia Missouri

1 during the Accumulation Period is shown in note (e) to Schedule MJD-3. Please  
2 see Schedule MJD-3 for steam sales to process steam customers during the  
3 Accumulation Period.

4

5 **FUEL, PURCHASED ELECTRICITY AND CONSUMABLE COSTS INCLUDED**  
6 **IN BASE RATES, THE AMOUNT OF SUCH COSTS INCLUDABLE IN THE**  
7 **PACC, AND THE VARIANCE OF ELIGIBLE COSTS DURING THE**  
8 **ACCUMULATION PERIOD**

9 **Q. Please detail fuel, purchased electricity and consumable costs included in**  
10 **base rates, the amount of such costs includable in the PACC, and the**  
11 **variance of eligible costs during the Accumulation Period.**

12 A. Please see Schedule MJD-1 for fuel, purchased electricity and consumable costs  
13 included in base rates. Please see Schedule MJD-2 for the amount of such costs  
14 includable in the PACC and the variance of eligible costs during the  
15 Accumulation Period.

16

17 **CALCULATION OF THE PROPOSED PACC COLLECTION RATES, ALONG**  
18 **WITH SUPPORTING WORK PAPERS**

19 **Q. Please detail the calculation of the proposed PACC collection rates, along**  
20 **with supporting work papers.**

21 A. Please see Schedule MJD-1, Schedule MJD-2 and Schedule MJD-3 for the  
22 calculation of the proposed PACC collection rates.



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

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

6

7 **Q. Does this conclude your direct testimony?**

8 A. Yes.