

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Vicinity Energy Kansas City, Inc.'s) File No.: HT-2021-0245
Adjustment to Its PACC Tariff) Tracking No.: YH-2021-0156

ORDER DIRECTING FILING

Issue Date: August 13, 2021

Effective Date: August 13, 2021

On March 24, 2021,¹ the Commission issued its Order Approving Stipulation and Rejecting Production Adjustment Cost Clause (PACC) Tariff (Order). The Order was based upon a stipulation filed by the Commission Staff and Vicinity Energy Kansas City, Inc. (Vicinity) on March 12. The Order required Vicinity to comply with the terms of the stipulation. The Order stated that the rejected tariff (the “February 1 tariff sheets”), would have reduced customers’ bills. In rejecting the February 1 tariff sheets per the terms of the stipulation, the Commission did not reduce customer’s bills which would, per Vicinity’s tariff PACC formula, otherwise have been reduced.

Per the Order, the stipulation states that after the February 1 PACC filing, for more than a week in the middle of February, much of the mid-continent was hit with record-setting cold which negatively affected production and transmission of natural gas and greatly increased demand. The stipulation stated that these factors sent gas prices “skyrocketing across the region.” The stipulation predicted that because of this weather event, the PACC factor would be switched from the current negative number to a significantly positive number in the next PACC filing.

¹ All date citations will be to 2021 unless otherwise indicated.

The Stipulation states that because the PACC factor proposed in the February 1 tariff sheets was significantly more negative than the current PACC factor and because the next PACC filing was known to result in a positive PACC factor, implementation of the February 1 tariff sheets proposed PACC factor would cause extreme volatility in customer bills. In order to avoid “rate shock,” Staff and Vicinity proposed that instead of implementing a larger reduction to the customers’ bill as proposed in the then-pending February 1 tariff sheets, the Commission approve a PACC factor that resulted in a current change of \$0 to customers’ bills, this change to be achieved by the rejection or disapproval of the PACC changes implemented in the February 1 tariff sheets.

With this prologue, per the stipulation, Vicinity and the Staff requested the Commission reject the February 1 tariffs and stated that “Vicinity agrees to submit a PACC filing no later than August 1, 2021, *or as soon thereafter* as allowed by the PACC tariffs once the cost of the gas price spikes are reasonably known and to the extent payment has been remitted” (emphasis added). The Commission approved the Stipulation, ordered Vicinity to perform and comply with all of its terms and conditions, and rejected the tariffs that would have lowered customer bills.

On July 30, 2021, Vicinity filed a Notice Regarding August 1 PACC Filing (Notice). The Notice states “the ultimate cost of the gas price spikes is still unknown, and Vicinity has not remitted payment for all of the costs.” It states that as a result, “Vicinity will not be making the August 1 PACC filing that was anticipated in the Stipulation. Vicinity will file on February 1, 2022 as required by the PACC tariffs, or sooner if circumstances warrant.”

The Commission will order the Commission Staff (Staff) to file a report and recommendation responsive to Vicinity’s Notice addressing any issue deemed appropriate and also whether Vicinity’s stated intention to make no PACC filing until February 1, 2022, complies with the stipulation that Vicinity submit a PACC filing no later than August 1, “or as soon thereafter as allowed by the PACC tariffs once the cost of the gas price spikes are reasonably known and to the extent payment has been remitted.”

THE COMMISSION ORDERS THAT:

1. No later than September 11, 2021, the Staff shall file a report and recommendation on Vicinity’s Notice Regarding August Production Adjustment Cost Clause Filing or a pleading suggesting a date by which the Staff will file the report and recommendation.
2. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary

Paul T. Graham, Regulatory Law Judge,
by delegation of authority under
Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,
on this 13th day of August, 2021.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 13th day of August, 2021.





Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 13, 2021

File/Case No. HT-2021-0245

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.