

and (b) \$152,132 due to Vicinity's calculation error in its 2019 PACC surcharge filing that should have been returned to customers between April 1, 2020, and March 31, 2021.

3. Shortly after making its 2021 PACC surcharge filing, the February 2021 Winter Storm Uri occurred, and Vicinity experienced high gas costs. Symmetry Energy Solutions, LLC ("Symmetry") submitted a February 2021 invoice to Vicinity for \$18.6 million.¹ Vicinity and Symmetry are currently litigating the payment of this invoice. A trial is scheduled for April, 2023, and Vicinity's final amount due on the Symmetry invoice is unresolved.

4. To minimize future rate shock, on March 12, 2021, Vicinity and Staff requested that the Commission reject Vicinity's February 1, 2021 tariff sheets and approve a stipulation setting the PACC surcharge at \$0 per mlb, defer into a regulatory liability account the amount that would otherwise be refunded to customers, and defer into a regulatory asset account accrued, but unpaid, extraordinary gas costs that would otherwise be charged to purchased gas expense in 2021.² The Commission approved this stipulation on March 24, 2021.³

5. In the present case (HT-2022-0212), Vicinity originally proposed continuing to defer the credits, because "[t]he purpose of the deferral was to allow the deferred amounts to be flowed back to customers concurrently with the full amounts billed and paid for gas used during Winter Storm Uri."⁴ Vicinity proposed to return these funds to customers in a future PACC surcharge after litigation with Symmetry is resolved.⁵

¹ *Direct Testimony of Scott Stordahl*, HT-2022-0212, 9:12-13 (Feb 1, 2022).

² *Stipulation and Agreement Resolving Issues Arising from Gas Price Spikes of February 2021*, HT-2021-0245 (Mar 12, 2021).

³ *Order Approving Stipulation and Rejecting Production Adjustment Cost Clause (PACC) Tariff*, HT-2021-0245 (Mar 24, 2021).

⁴ *Direct Testimony of Scott Stordahl*, HT-2022-0212, 10:19-21 (Feb 1, 2022).

⁵ *Id.* at 11:1-4.

6. On March 11, 2022, Staff recommended that the Commission reject Vicinity's proposed tariff sheets and direct Vicinity to file substitute proposed tariff sheets that include the \$731,938 regulatory liability. Staff stated that its position is consistent with Vicinity's tariff and the terms of the parties' 2021 stipulation. Additionally, Staff stated that customers should receive the benefit of the credit as soon as possible.⁶ Staff further recommended that the Commission suspend the timeline of this filing, set a prehearing conference date, and order the parties to propose a procedural schedule.⁷

7. On March 18, 2022, Vicinity stated that it does not oppose Staff's recommendation.⁸

8. On March 24, 2022, the Commission rejected Vicinity's tariff sheets in YH-2022-0218 and ordered Vicinity to file tariff sheets that include the regulatory liability. The Commission also ordered the parties to file a proposed procedural schedule by April 6, 2022.⁹

9. The parties submitted a proposed procedural schedule on April 6, 2022. On April 13, 2022 the Commission ordered the procedural schedule.

10. Consistent with this schedule, on April 29, 2022 Vicinity filed *Revised Direct Testimony of Scott Stordahl*¹⁰ and supporting workpapers proposing a PACC surcharge of \$0.38 per mlb. The currently effective PACC surcharge is \$0.00 per mlb; therefore the change resulting from this filing would increase the price of steam \$0.38 per mlb used.

⁶ *Staff Recommendation to Reject Tariff Sheets*, HT-2022-0212, ¶¶12-14, 15 (Mar 11, 2022).

⁷ *Id.* at ¶16.

⁸ *Response of Vicinity Energy Kansas City to Staff Recommendation to Reject Tariff Sheets*, HT-2022-0212 (Mar 18, 2021).

⁹ *Order Rejecting Tariff to Adjust PACC Adjustment Rates*, HT-2022-0212 (Mar 24, 2022).

¹⁰ An illustrative tariff Sheet No. 37 is attached to Mr. Stordahl's testimony; it was not filed in a tariff tracking file.

11. Mr. Stordahl explains in his revised direct testimony that the main driver of the PACC surcharge increase is the increased cost of natural gas in 2021, compared to the cost of natural gas in the base PACC cost. He also states that much of this increase is mitigated by returning the regulatory liability to customers.¹¹

12. Staff agrees with Vicinity's calculation of a proposed PACC surcharge of \$0.38 per mlb. The ordered procedural schedule states that Staff is to file rebuttal testimony or a recommendation regarding the proposed tariff sheets by May 13, 2022. Staff moved on May 12, 2022 to amend the procedural schedule to provide Staff and Vicinity further opportunity to finalize the proposed tariff sheets. The Commission granted Staff's motion and ordered Staff to file rebuttal testimony or a recommendation regarding Vicinity's revised proposed tariff sheets by May 27, 2022.

13. On May 20, 2022, Vicinity filed two proposed tariff sheets. Each sheet bears an issue date of February 1, 2022 and an effective date of April 1, 2022. The Commission's Data Center assigned both tariff sheets newly-created Tariff No. YH-2022-0260.

14. On May 23, 2022, Vicinity filed a second set of proposed tariff sheets in Tariff No. YH-2022-0260. Each sheet bears an issue date of May 20, 2022 and an effective date of June 19, 2022.

15. According to Vicinity's proposed substitute Tariff Sheet 37 (filed May 23, 2022), the customer share of the variation in fuel costs will be offset by a reconciliation amount of (\$2,975,918), resulting in a PACC surcharge of \$0.38 per mlb. This reconciliation amount takes into account the \$731,938 regulatory liability, returning it to Vicinity's customers. As stated above in paragraph 2, this \$731,938 regulatory liability

¹¹ *Revised Direct Testimony of Scott Stordahl*, HT-2022-0212, 4:16-20 (Apr 29, 2022).

consists of (a) \$579,806 that would have normally flow through the PACC as credits between April 1, 2021, and March 31, 2022, and (b) \$152,132 due to Vicinity's calculation error in its 2019 PACC surcharge filing.

16. Staff reviewed the proposed substitute tariff sheets Vicinity filed May 23, 2022 and recommends that the Commission issue an order approving them. Staff further recommends that the Commission reject the tariff sheets Vicinity filed May 20, 2022, because they bear the incorrect issue and effective dates.

17. Staff verified that Vicinity filed its annual report, as well as its required monthly and surveillance reports. Staff is not aware of any other matter pending before the Commission that affects or is affected by this filing. Staff's recommendation for approval of this new PACC surcharge is based solely on the accuracy of Vicinity's calculations and is not indicative of the prudence of the costs included in the PACC surcharge.

WHEREFORE, Staff recommends that the Commission **reject** the tariff sheets Vicinity filed May 20, 2022 and **approve** the following proposed substitute tariff sheets Vicinity filed May 23, 2022, to go into effect June 19, 2022:

P.S.C. MO. No. 1
8th Revised SHEET No. 36 Cancelling (7th Revised) SHEET No. 36
8th Revised SHEET No. 37 Cancelling (7th Revised) SHEET No. 37

Respectfully submitted,

/s/ Karen E. Bretz

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CERTIFICATE OF SERVICE

I certify that copies of the foregoing have been electronically mailed to all parties and/or counsel of record on this 25th day of May, 2022.

/s/ Karen E. Bretz

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


In the Matter of Vicinity Energy Kansas) File No. HT-2022-0212
City, Inc.'s Adjustment to its PACC Tariff) Tracking No. YH-2022-0260

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Keri Roth, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

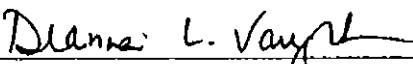
Further the Affiant sayeth not.



Keri Roth

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 25th day of May, 2022.



Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207317