

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

In the Matter of Evergy Missouri West, Inc.'s )	
d/b/a Evergy Missouri West Tariffs Changing )	<b><u>Case No. HT-2023-0360</u></b>
the Steam QCA for Service Provided to )	Tariff No. JH-2024-0009
Customers in its Service Territory )	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), through counsel, and recommends that the Commission approve the tariff sheet Evergy Missouri West, Inc., d/b/a Evergy Missouri West (EMW) filed on July 17, 2023 to increase its Quarterly Cost Adjustment (QCA) Rate for the second quarter of 2023.

1. EMW files quarterly rate adjustment to reflect its actual fuel costs above or below the base amount of \$2.4854 per million BTU, which the Commission ordered in EMW's last steam rate case, Case No. HR-2018-0231. EMW's steam tariff sheets 6.6 through 6.10 describe the procedure for calculating the QCA Rate.

2. On July 17, 2023, EMW filed one tariff sheet, bearing an effective date of September 1, 2023, to revise its second quarter 2023 QCA Rate, pursuant to its tariff and the Commission-approved *Non-Unanimous Stipulation and Agreement* in Case No. HR-2005-0450, and modified in Case Nos. HR-2009-0092, HR-2010-0028 and HR-2018-0231. This tariff sheet is P.S.C. MO. No. 1 57th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1, 56th Revised Sheet No. 6.10. The Commission assigned this Tariff No. JH-2024-0009.

3. EMW's filing includes the tariff sheet and supporting workpapers, consisting of electronic worksheets showing EMW's calculations.

4. On July 19, 2023, the Commission directed Staff to file a recommendation regarding the tariff sheet by August 15, 2023.

5. EMW proposes a QCA Rate of \$1.5177 per Million British Thermal Unit (MMBtu), which is a \$0.7745 decrease from the currently effective QCA Rate of \$2.2922 per MMBtu. This proposed QCA Rate will apply during the second quarter 2023, which is EMW's billing period of September 1, 2023 through November 30, 2023.

6. This proposed QCA Rate for the second quarter of 2023 reflects a decrease of \$2,297,581 in adjusted fuel costs, compared to the same fuel costs for the second quarter 2022. Lisa Starkebaum, Manager of Regulatory Affairs at EMW, explains in her tariff letter with this filing that the decreased QCA Rate is primarily attributable to lower fuel costs compared to the same period in 2022.

7. The Reconciliation Rate (R Factor) component in this filing is a comparison of the balance of the reconciliation amount per QCA period from the first quarter 2021 through the first quarter 2022. The R Factor for this QCA Rate is a increase of \$14,926, compared to the second quarter 2022.

8. The previous three QCA Rates and R Factors, added to this proposed QCA Rate and R Factor, will result in an decrease of a steam customer's bill of \$331.70 for every thousand MMBtu used during the second quarter 2023 billing period, compared to the first quarter of 2023 billing period.

9. As more fully detailed in Staff's attached *Memorandum*, attached hereto, Staff reviewed EMW's data and calculations and determined that they are correct and satisfy the standards in EMW's tariff Sheet Nos. 6.6 through 6.10. Staff recommends that the Commission issue an order approving EMW's proposed tariff sheet P.S.C. MO. No. 1

57th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1, 56th Revised Sheet No. 6.10.

10. Staff verified that EMW filed its Annual Report and is current on submission of its surveillance monitoring reports. Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

11. On March 15, 2023, Staff notified EMW of its intent to conduct a prudence review of the costs and revenues associated with EMW's steam operations for the period of January 1, 2022 through December 31, 2022. Staff will complete its review by August 13, 2023.<sup>1</sup> Staff's prudence review will not affect this filing, and vice versa.

12. Staff's recommendation for approval of this new QCA Rate is solely based on the accuracy of EMW's calculations and is not indicative of the prudence of the fuel costs included in the QCA Rate.

**WHEREFORE**, Staff recommends that the Commission approve the following proposed tariff sheet EMW filed July 17, 2023, to go into effect September 1, 2023:

P.S.C. MO. No. 1  
57th Revised Sheet No. 6.10 Canceling 56th Revised Sheet No. 6.10

Respectfully submitted,

**/s/ Karen E. Bretz**

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<sup>1</sup> *In the Matter of the Prudence Review of the Steam Operations of Evergy Missouri West, Inc. d/b/a Evergy Missouri West*, File No. HO-2023-0357.

**CERTIFICATE OF SERVICE**

I certify that copies of the foregoing have been electronically mailed to all parties and/or counsel of record on this 31<sup>st</sup> day of July, 2023.

**/s/ Karen E. Bretz**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. HT-2023-0360 and Tariff Tracking No. JH-2024-0009

**FROM:** Melanie M. Clark, Lead Senior Utility Regulatory Auditor  
Water, Sewer & Steam Department

/s/ Melanie M. Clark 07/31/2023  
Water, Sewer & Steam Dept. / Date

/s/ Karen Bretz 07/31/2023  
Staff Counsel Division / Date

**SUBJECT:** Staff Recommendation to approve the Quarterly Cost Adjustment for the Second Quarter of 2023 to the Quarterly Cost Adjustment Rider – Steam of Evergy Missouri West, Inc., d/b/a Evergy Missouri West

**DATE:** July 31, 2023

On July 17, 2023, Evergy Missouri West, Inc., d/b/a Evergy Missouri West (“EMW”) filed with the Missouri Public Service Commission (“Commission”) the following tariff sheet, bearing an effective date of September 1, 2023:

### P.S.C. MO. No. 1

57<sup>th</sup> Revised Sheet No. 6.10 Canceling 56<sup>th</sup> Revised Sheet No. 6.10

This tariff filing revises the Quarterly Cost Adjustment Rate (“QCA Rate”) for the second quarter of 2023. Each quarter, EMW files rate adjustments to reflect the actual fuel costs above or below a base amount of \$2.4854 per million BTU, which was determined in EMW’s last rate case, Case No. HR-2018-0231.

The procedure for the calculation of the QCA Rate for steam service sales is set out in EMW’s Tariff Sheet Nos. 6.6 through 6.10, titled “Quarterly Cost Adjustment Rider – Steam.” The Current Quarterly Cost Adjustment is the rate adjustment component designed to reflect the customer share of the variation in fuel costs for the most recent quarter.<sup>1</sup> The Commission approved EMW’s Quarterly Cost Adjustment Rider in Case No. HR-2005-0450, and modified it in Case Nos. HR-2009-0092, HR-2010-0028, and HR-2018-0231. EMW’s filing includes the

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<sup>1</sup> Evergy Missouri West Tariff, Revised Sheet No. 6.6.

proposed tariff sheet and supporting work papers, consisting of electronic worksheets showing EMW’s calculation of the QCA Rate for the second quarter of 2023.

On July 19, 2023, the Commission issued an *Order Directing Filing* ordering Staff to file its recommendation no later than August 15, 2023.

The table below shows the calculation of the proposed Monthly QCA Rate (“Monthly QCA Rate”) for the second quarter of 2023, effective for the billing period of September 1, 2023 through November 30, 2023, as well as the change per thousand MMBtu in cumulative rates from quarter to quarter:

Line No.	Qtr/Year	First Effective Date	Months	Last Effective Date	QCA Rate	Qtr/Year	Reconciliation Rate (R Factor)	Cumulative Rate	Change Per 1,000 MMBtu
(1)	Q3 2022	12/1/2022	12	11/30/2023	\$ 0.7030	Q3 2022	\$ 0.0025	\$ 2.2550	\$ 323.50
(2)	Q4 2022	3/1/2023	12	2/29/2024	\$ 0.7184	Q4 2022	\$ (0.0138)	\$ 2.7350	\$ 480.00
(3)	Q1 2023	6/1/2023	12	5/31/2024	\$ 0.1032	Q1 2023	\$ (0.0058)	\$ 2.2922	\$ (442.80)
(4)	Q2 2023	9/1/2023	12	8/31/2024	\$ 0.0074	Q1 2023	\$ 0.0028	\$ 1.5177	\$ (774.50)
					<b>\$ 1.5320</b>		<b>\$ (0.0143)</b>		
					<b>Monthly QCA<sup>1</sup></b>				
(5)	Q2 2023	9/1/2023	3	12/31/2023	<b>\$ 1.5177</b>				

<sup>1</sup> The Monthly QCA rate is a summation of the total QCA Rates and the R Factors for the previous 4 quarters.

This tariff filing reflects a proposed Monthly QCA Rate per Million British Thermal Unit (“MMBtu”) of \$1.5177, compared to the current Monthly QCA Rate of \$2.2922 per MMBtu.

**Comparison to the Monthly QCA Rate for the Same Quarter of the Previous Year**

The proposed Monthly QCA Rate for the second quarter 2023 reflects a decrease of \$2,297,581 in adjusted fuel costs, when compared to the same fuel costs for the Monthly QCA Rate for the second quarter 2022. The company states this decrease is due to overall lower fuel costs when compared to the same time period in 2022.<sup>2</sup> The Reconciliation Rate component or “R Factor” reflects an increase of \$14,926 when compared to the same quarter last year.<sup>3</sup>

<sup>2</sup> Natural gas cost approximately \$2.10 per MMBtu in second quarter 2023, compared to approximately \$7.17 per MMBtu in second quarter 2022.

<sup>3</sup> The R Factor in this filing is a comparison of the balance of the reconciliation amount per QCA period from first quarter 2021 through first quarter 2022.

Staff reviewed the data and calculations EMW provided in its worksheets and determined that EMW's calculations related to the filed tariff sheet are correct, and that the calculations satisfy the standards set forth in EMW's Tariff Sheet Nos. 6.6 through 6.10. The calculations are also consistent with previous EMW QCA Rate filings.

### **Customer Billing Comparison**

The following table compares, per thousand MMBtu, the proposed cost for customers receiving steam service for the period September 1, 2023 through November 30, 2023<sup>4</sup> to the current period of June 1, 2023 through September 30, 2023:<sup>5</sup>

<b>Billing Comparison from Q1 2023 to Q2 2023</b>		
<b>Q1 2023</b>	<b>Q2 2023</b>	
<b>Billing</b>	<b>Billing</b>	<b>Difference</b>
<b>\$ (442.80)</b>	<b>\$(774.50)</b>	<b>\$ (331.70)</b>

The previous three QCA rates and R Factor rates, added to this proposed QCA Rate and R Factor rate, results in a decrease of a steam customer's bill of \$331.70 for every thousand MMBtu for the billing period September 1, 2023 through November 30, 2023, compared to the 2023 first quarter billing period.

### **Staff Recommendation**

Staff recommends the Commission approve EMW's proposed filed tariff sheet with the effective date of September 1, 2023:

P.S.C. MO. No. 1

57<sup>th</sup> Revised Sheet No. 6.10 Canceling 56<sup>th</sup> Revised Sheet No. 6.10

Staff has verified that EMW filed its Annual Report and is current on its submission of its Surveillance Monitoring reports. Staff is not aware of any other matter pending before the Commission that affects this tariff filing. Staff's basis for Commission approval of the QCA Rate in this case is solely on the accuracy of EMW's calculations and R Factor adjustments outlined above and is not indicative of the prudence of the fuel costs included in EMW's QCA Rate filing.

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<sup>4</sup> \$1.5177 per MMBtu.

<sup>5</sup> \$2.2922 per MMBtu.

