

**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)	<u>Case No. HT-2022-0284</u>
the Steam QCA for Service Provided to)	Tariff No. YH-2023-0133
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 January 17, 2023 to increase its Quarterly Cost Adjustment (QCA) Rate for the fourth quarter of 2022.

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 January 17, 2023, EMW filed one proposed tariff sheet, bearing an effective date of March 1, 2023, to revise its fourth quarter 2022 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 proposed tariff sheet is P.S.C. MO. No. 1 55th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1, 54th Revised Sheet No. 6.10. The Commission assigned this Tariff No. YH-2023-0133.

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

4. On January 17, 2023, the Commission directed Staff to file a recommendation regarding the proposed tariff sheets by February 16, 2023.

5. EMW proposes a QCA Rate of \$2.7350 per Million British Thermal Unit (MMBtu), which is a \$0.4800 increase over the currently effective QCA Rate of \$2.2550 per MMBtu. This proposed QCA Rate will apply during the fourth quarter of 2022, which is EMW's billing period of March 1, 2023 through May 31, 2023.

6. This proposed QCA Rate for the fourth quarter of 2022 reflects an increase of \$1,314,384 in adjusted fuel costs, compared to the same fuel costs for the fourth quarter 2021. Lisa Starkebaum, Manager of Regulatory Affairs at EMW, explains in her cover letter with this filing that the increased QCA Rate is primarily attributable to two things. The first is higher natural gas prices, compared to the fourth quarter 2021. The second is higher coal prices, driven by a coal pile survey conducted in November 2022, compared to the fourth quarter 2021.

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 second quarter of 2020 through the third quarter of 2021. The R Factor for this QCA Rate is a decrease of \$42,863, compared to the fourth quarter of 2021.

8. The previous three QCA Rates and R Factors, added to this proposed QCA Rate and R Factor, will result in an increase of a steam customer's bill of \$156.50 for every thousand MMBtu used during the fourth quarter of 2022 billing period, compared to the third quarter of 2022 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 55th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1, 54th 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. 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 January 17, 2023, to go into effect March 1, 2023:

P.S.C. MO. No. 1
55th Revised Sheet No. 6.10 Canceling 54th Revised Sheet No. 6.10

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 10th day of February, 2023.

/s/ Karen E. Bretz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File No. HT-2022-0284
and Tariff Tracking No. YH-2023-0133

FROM: Melanie Myers, Lead Senior Utility Regulatory Auditor
Water, Sewer & Steam Department

/s/ Melanie Myers 2/10/2023 /s/ Karen Bretz 2/10/2023
Lead Senior Utility Regulatory Auditor / Date Staff Counsel Division / Date

SUBJECT: Staff Recommendation to approve the Quarterly Cost Adjustment for the Fourth Quarter of 2022 to the Quarterly Cost Adjustment Rider – Steam of Evergy Missouri West, Inc. d/b/a Evergy Missouri West

DATE: February 10, 2023

On January 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 March 1, 2023:

P.S.C. MO. No. 1
55th Revised Sheet No. 6.10 Canceling 54th Revised Sheet No. 6.10

This tariff filing revises the Quarterly Cost Adjustment Rate (“QCA Rate”) for the fourth quarter of 2022. 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.¹ 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 proposed tariff sheet and supporting work papers, consisting of electronic worksheets showing EMW’s calculation of the QCA Rate for the fourth quarter of 2022.

¹ Evergy Missouri West Tariff, Revised Sheet No. 6.6

On January 17, 2023, the Commission issued an *Order Directing Staff to File a Recommendation* ordering Staff to file its recommendation no later than February 16, 2023.

The table below shows the calculation of the proposed Monthly QCA Rate (“Monthly QCA Rate”) for the fourth quarter of 2022, effective for the billing period of March 1, 2023 through May 31, 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)	Q1 2022	6/1/2022	12	5/31/2023	\$ 0.5391	Q1 2022	\$ 0.0011	\$ 1.0867	\$ 448.70
(2)	Q2 2022	9/1/2022	12	8/31/2023	\$ 0.7874	Q2 2022	\$ (0.0027)	\$ 1.9315	\$ 844.80
(3)	Q3 2022	12/1/2022	12	11/30/2023	\$ 0.7030	Q3 2022	\$ 0.0025	\$ 2.2550	\$ 323.50
(4)	Q4 2022	3/1/2023	12	2/29/2024	\$ 0.7184	Q4 2022	\$ (0.0138)	\$ 2.7350	\$ 480.00
					\$ 2.7479		\$ (0.0129)		
					Monthly QCA¹				
(5)	Q4 2022	3/1/2023	3	5/31/2023	\$ 2.7350				

¹ 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 \$2.7350, compared to the current Monthly QCA Rate of \$2.2550 per MMBtu.

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

The proposed Monthly QCA Rate for the fourth quarter 2022 reflects an increase of \$1,314,384 in adjusted fuel costs, when compared to the same fuel costs for the Monthly QCA Rate for the fourth quarter 2021. The company states this increase is due to the continual increase in natural gas prices since the same quarter the prior year² as well as an increase in coal prices driven by a coal pile survey performed during November 2022 which impacted coal expense during the fourth quarter of 2022. The Reconciliation Rate component or “R Factor” reflects a decrease of \$42,863 when compared to the same quarter last year.³

² Natural gas cost approximately \$6.26 per MMBtu in fourth quarter 2022, compared to approximately \$5.83 per MMBtu in fourth quarter 2021.

³ The R Factor in this filing is a comparison of the balance of the Reconciliation amount per QCA period from second quarter 2020 through third quarter 2021.

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 March 1, 2023 through May 31, 2023⁴ to the current period of December 1, 2022 through February 28, 2023⁵:

Q3 2022 Billing	Q4 2022 Billing	Difference
\$ 323.50	\$480.00	\$ 156.50

The previous three QCA rates and R Factor rates, added to this proposed QCA Rate and R Factor rate, results in an increase of a steam customer's bill of \$156.50 for every thousand MMBtu for the billing period March 1, 2023 through May 31, 2023, compared to the 2022 third quarter billing period.

Staff Recommendation

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

P.S.C. MO. No. 1
55th Revised Sheet No. 6.10 Canceling 54th 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.

⁴ \$2.7350 per MMBtu.

⁵ \$2.2550 per MMBtu.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West,) **Case No. HT-2022-0284**
Inc.'s d/b/a Evergy Missouri West Tariffs) Tracking No. YH-2023-0133
Changing the Steam QCA for Service)
Provided to Customers in its Service)
Territory)

AFFIDAVIT OF MELANIE MYERS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MELANIE MYERS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

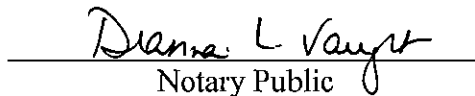
Further the Affiant sayeth not.


MELANIE MYERS

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 8th day of February, 2023.

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


Notary Public