

MEMORANDUM

TO: Missouri Public Service Commission Official Case File Case
No. HT-2021-0245, Tariff Tracking No. YH-2021-0156
Vicinity Energy Kansas City, Inc.

FROM: Nancy L. Harris, Senior Utility Regulatory Auditor

/s/Nancy L. Harris 10/20/2021 /s/Casi Aslin 10/20/2021
Tariff/Rate Design Dept. /Date Staff Counsel Division/ Date

SUBJECT: Staff Report and Recommendation on Vicinity Energy Kansas City, Inc.’s
Notice Regarding August 1, 2021 Production Adjustment Cost Clause
Filing

DATE: October 20, 2021

BACKGROUND

On March 24, 2021¹ Vicinity Energy Kansas City, Inc. (“Vicinity”) filed with the Commission the 7th revision of Tariff Sheet No. 36 reflecting a \$0 charge per thousand pounds (“mlb”) for the January 1, 2020 through December 31, 2020 period. This adjustment was consistent with the Stipulation and Agreement filed on March 12 (Stipulation) to mitigate customer impact of recent extraordinary natural gas price increases in February 2021. The Commission approved the Stipulation by Order on March 24.

On July 30, Vicinity filed a Notice Regarding the August 1 PACC Filing (Notice), stating that it would not be making the August 1 PACC filing that was anticipated in the Stipulation. The Commission ordered Commission Staff to file a report and recommendation regarding Vicinity’s notice by October 20.

DISCUSSION

Per the Company’s response to Staff Data Request 0001, Vicinity cannot yet accurately quantify the increase in costs related to the cold weather event that occurred in February 2021. These costs are the subject of on-going litigation with no estimated date of resolution. The possible

¹ All Date references shall be to 2021 unless otherwise indicated.

range is wide - approximately ** [REDACTED] **. When an amount is determined, Vicinity has suggested it may seek approval of special treatment for the actual costs from the Commission over an extended period of time rather than pass on an increase of this magnitude through the PACC. Vicinity estimates the impact from extending the recovery period could be as much as a ** [REDACTED] ** increase over the base rate under normal PACC treatment.

STAFF RECOMMENDATION

Staff recommends Vicinity file a PACC adjustment on current known costs by February 1, 2022 revising the current \$0.00 PACC charge to reflect known costs as required by Vicinity's PACC, which the Commission approved in Case No. HR-2014-0066, effective August 1, 2014.

For costs that are not yet known, Staff also recommends that Vicinity provide updates to Staff related to the costs subject to litigation.

² Thousand pounds of steam.