

**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-2023-0068
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 October 14, 2022 to increase its Quarterly Cost Adjustment (QCA) Rate for the third 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 October 14, 2022, EMW filed one proposed tariff sheet, bearing an effective date of December 1, 2022, to revise its third quarter 2022 QCA Rate, pursuant to its tariff and the 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 54th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1, 53rd Revised Sheet No. 6.10. The Commission assigned this Tariff No. YH-2023-0068.

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

4. On October 28, 2022, the Commission directed Staff to file a recommendation regarding the proposed tariff sheets by November 14, 2022.

5. EMW proposes a QCA Rate of \$2.2550 per Million British Thermal Unit (MMBtu), which is a \$0.3235 increase over the currently effective QCA Rate of \$1.9315 per MMBtu. This proposed QCA Rate will apply during the third quarter of 2022, which is EMW's billing period of December 1, 2022 through February 28, 2023.

6. This proposed QCA Rate for the third quarter of 2022 reflects an increase of \$807,255 increase in adjusted fuel costs, compared to the same fuel costs for the third quarter 2021. Lisa Starkebaum, Manager of Regulatory Affairs at EMW, explains in her cover letter with this filing that the increase in the QCA Rate continues to be driven by higher natural gas prices during the third quarter of 2022, compared to the same time period in 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 first quarter of 2020 through the second quarter of 2021. The R Factor for this QCA Rate is an increase of \$7,566, compared to the third quarter of 2022.

8. The previous three QCA Rates and R Factors, added to this proposed QCA Rate and R Factor, will result in a decrease of a steam customer's bill of \$521.30 for every thousand MMBtu used during the third quarter of 2022 billing period, compared to the second quarter of 2022 billing period, which is September 1, 2022 through November 30, 2022.

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 54th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1, 53rd 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 October 14, 2022, to go into effect December 1, 2022:

P.S.C. MO. No. 1
54th Revised Sheet No. 6.10 Canceling 53rd Revised Sheet No. 6.10

Respectfully submitted,

/s/ Karen E. Bretz

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 9th day of November, 2022.

/s/ Karen E. Bretz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File No. HT-2022-0284 and
Tariff Tracking No. YH-2023-0068

FROM: Keri Roth, Senior Research/Data Analyst, Water, Sewer & Steam Department

/s/ Keri Roth 11/9/2022 /s/ Karen Bretz 11/9/2022
Senior Research/Data Analyst / Date Staff Counsel Division / Date

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

DATE: November 9, 2022

On October 14, 2022, 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 December 1, 2022:

P.S.C. MO. No. 1
54th Revised Sheet No. 6.10 Canceling 53rd Revised Sheet No. 6.10

This tariff filing revises the Quarterly Cost Adjustment Rate (“QCA Rate”) for the third 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 rate case HR-2018-0231. The Current Quarterly Cost Adjustment (“CQCA”) is the rate adjustment component designed to reflect the customer share of the variation in fuel costs for the most recent quarter.¹ 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 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 third quarter of 2022.

On October 28, 2022, the Commission issued a *Revised Order Directing Staff to File a Recommendation* ordering Staff to file its recommendation no later than November 14, 2022.

¹ Evergy Missouri West Tariff, Revised Sheet No. 6.6

The table below shows the calculation of the proposed Monthly QCA Rate (“Monthly QCA Rate”) for the third quarter of 2022, effective for the billing period of December 1, 2022 through February 28, 2023:

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)	Q4 2021	3/1/2022	12	2/28/2023	\$ 0.2229	Q4 2021	\$ 0.0017	\$ 0.6380	\$ 299.10
(2)	Q1 2022	6/1/2022	12	5/31/2023	\$ 0.5391	Q1 2022	\$ 0.0011	\$ 1.0867	\$ 448.70
(3)	Q2 2022	9/1/2022	12	8/31/2023	\$ 0.7874	Q2 2022	\$ (0.0027)	\$ 1.9315	\$ 844.80
(4)	Q3 2022	12/1/2022	12	11/30/2023	\$ 0.7030	Q3 2022	\$ 0.0025	\$ 2.2550	\$ 323.50
					\$ 2.2524		\$ 0.0026		
					Monthly QCA¹				
(5)	Q3 2022	12/1/2022	3	2/28/2023	\$ 2.2550				

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 \$2.2550, compared to the current Monthly QCA Rate of \$1.9315 per MMBtu.

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

The proposed Monthly QCA Rate for the third quarter 2022 reflects an increase of \$807,255 in adjusted fuel costs, when compared to the same fuel costs for the Monthly QCA Rate for the third quarter 2021. This increase is primarily due to the increase in natural gas prices since the same quarter the prior year.² The Reconciliation Rate component or “R Factor” reflects an increase of \$7,566 when compared to the same quarter last year.³

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.

² Natural gas cost approximately \$8.20 per MMBtu in third quarter 2022, compared to approximately \$4.01 per MMBtu in third quarter 2021.

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

Customer Billing Comparison

The following table compares, per thousand MMBtu, the proposed cost for customers receiving steam service for the period December 1, 2022 through February 28, 2023⁴ to the current period of September 1, 2022 through November 30, 2022⁵:

Q2 2022 Billing	Q3 2022 Billing	Difference
\$ 844.80	\$ 323.50	\$ (521.30)

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 \$521.30 for every thousand MMBtu for the billing period December 1, 2022 through February 28, 2023, compared to the 2022 second quarter billing period.

Staff Recommendation

Staff recommends the Commission approve EMW’s proposed filed tariff sheet with the effective date of December 1, 2022:

P.S.C. MO. No. 1
54th Revised Sheet No. 6.10 Canceling 53rd 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 \$2.2550 per MMBtu.

⁵ \$1.9315 per MMBtu.

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OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West,)
Inc.'s d/b/a Evergy Missouri West Tariffs)
Changing the Steam QCA for Service)
Provided to Customers in its Service)
Territory

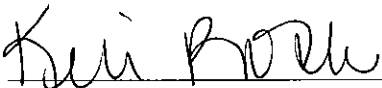
Case No. HT-2022-0284
Tracking No. YH-2023-0068

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 in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

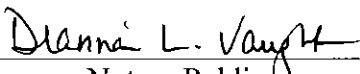
Further the Affiant sayeth not.



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 9th day of November, 2022.



Notary Public

