

**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's Tariffs Changing the Steam QCA) **Case No. HT-2023-0360**
for Service Provided to Customers in its Service Territory) **Tariff No. JH-2024-0102**

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for its *Staff Recommendation to Approve Tariff Sheet* respectfully states:

1. Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW") files its Quarterly Cost Adjustment ("QCA") Rate 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 16, 2024, EMW filed one proposed tariff sheet, bearing an effective date of March 1, 2024, to revise its fourth quarter 2023 QCA Rate, pursuant to its tariff and the approved *Non-Unanimous Stipulation and Agreement* in Case No. HR-2005-0450, as 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
59th Revised Sheet No. 6.10 Canceling 58th Revised Sheet No. 6.10

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

4. EMW proposes a Monthly QCA Rate of \$0.1615 per Million British Thermal Unit (MMBtu), which is a decrease over the currently effective QCA Rate of \$0.8387 per MMBtu.

5. This proposed QCA Rate for the fourth quarter of 2023 reflects a decrease of \$1,916,381 in adjusted fuel costs, compared to the same fuel costs for the fourth quarter of 2022. Lisa Starkebaum, Manager of Regulatory Affairs at EMW, explains in her cover letter with this filing that the decrease in the QCA Rate is due to overall lower fuel costs when compared to the same period in 2022.

6. As more fully detailed in Staff's *Memorandum*, attached hereto as Appendix A and incorporated herein by reference, 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 59th Revised Sheet No. 6.10 Canceling 58th Revised Sheet No. 6.10.

7. 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 16, 2024, to go into effect March 1, 2024:

P.S.C. MO. No. 1
59th Revised Sheet No. 6.10 Canceling 58th Revised Sheet No. 6.10

Respectfully submitted,

/s/ Travis J. Pringle

Travis J. Pringle

Missouri Bar No. 71128

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Missouri Public Service Commission

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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 13th day of February, 2024.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. HT-2023-0360 and Tariff Tracking No. JH-2024-0102

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

/s/ Melanie Clark 2/13/2024
Water, Sewer & Steam Dept. / Date

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

DATE: February 13, 2024

On January 16, 2024, 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, 2024:

P.S.C. MO. No. 1

59th Revised Sheet No. 6.10 Canceling 58th Revised Sheet No. 6.10

This tariff filing revises the Quarterly Cost Adjustment Rate (“QCA Rate”) for the fourth 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.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 2023.

¹ Evergy Missouri West Tariff, Revised Sheet No. 6.6.

On January 16, 2024, the Commission issued an *Order Directing Filing* ordering Staff to file its recommendation no later than February 13, 2024.

The table below shows the calculation of the proposed Monthly QCA Rate (“Monthly QCA Rate”) for the fourth quarter of 2023, effective for the billing period of March 1, 2024 through June 30, 2024, 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 2023	6/1/2023	12	5/31/2024	\$ 0.1032	Q1 2023	\$ (0.0058)	\$ 2.2922	\$ (442.80)
(2)	Q2 2023	9/1/2023	12	8/31/2024	\$ 0.0074	Q1 2023	\$ 0.0028	\$ 1.5177	\$ (774.50)
(3)	Q3 2023	12/1/2023	12	11/30/2024	\$ 0.0102	Q2 2023	\$ 0.0163	\$ 0.8387	\$ (679.00)
(4)	Q4 2023	3/1/2024	12	2/28/2025	\$ 0.0147	Q3 2023	\$ 0.0127	\$ 0.1615	\$ (677.20)
					\$ 0.1355		\$ 0.0260		
					Monthly QCA¹				
(5)	Q4 2023	3/1/2024	3	6/30/2024	\$ 0.1615				

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 \$0.1615, compared to the current Monthly QCA Rate of \$0.8387 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 2023 reflects a decrease of \$1,916,381 in adjusted fuel costs, when compared to the same fuel costs for the Monthly QCA Rate for the fourth quarter 2022. The company states this decrease is due to overall lower fuel costs when compared to the same time period in 2022.² The Reconciliation Rate component or “R Factor” reflects an increase of \$72,914 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 \$2.88 per MMBtu in fourth quarter 2023, compared to approximately \$6.26 per MMBtu in fourth quarter 2022.

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

Customer Billing Comparison

The following table compares, per thousand MMBtu, the proposed cost for customers receiving steam service for the period March 1, 2024 through June 30, 2024⁴ to the current period of January 1, 2024 through March 31, 2024:⁵

Billing Comparison from Q3 2023 to Q4 2023			
Q3 2023	Q4 2023		
Billing	Billing	Difference	
\$ (679.00)	\$ (677.20)	\$ 1.80	

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 \$1.80 for every thousand MMBtu for the billing period January 1, 2024 through March 31, 2024, compared to the 2023 third quarter billing period.

Staff Recommendation

Staff recommends the Commission approve EMW’s proposed filed tariff sheet with the effective date of March 1, 2024:

P.S.C. MO. No. 1

59th Revised Sheet No. 6.10 Canceling 58th 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 \$0.1615 per MMBtu.

⁵ \$0.8387 per MMBtu.

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)	<u>File No. HT-2023-0360</u>
Changing the Steam QCA for Service)	Tariff Tracking No. JH-2024-0102
Provided to Customers in its Service Territory)	

AFFIDAVIT OF MELANIE CLARK

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Melanie Clark, 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, under penalty of perjury.

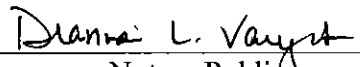
Further the Affiant sayeth not.



MELANIE CLARK

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 February 2024.



Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
