

WHEREFORE, for the reasons explained fully in Staff's Memorandum, Staff recommends the Commission issue an order approving the following tariff sheets as filed by Vicinity on January 31, 2024, bearing an effective date of April 1, 2024:

P.S.C. MO. No. 1

10th Revised Sheet No. 36, Cancelling 9th Revised Sheet No. 36

10th Revised Sheet No. 37, Cancelling 9th Revised Sheet No. 37

Respectfully submitted,

/s/ Ron Irving

Ron Irving

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically on this 23rd day of February, 2024 to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Ron Irving

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HT-2024-0222, Tariff Tracking No. JH-2024-0108
Vicinity Energy Kansas City, Inc.

FROM: Melanie Clark, Lead Senior Utility Regulatory Auditor

SUBJECT: Staff Recommendation to Approve the Substitute Tariff Sheets Filed to
Revise the Production Adjustment Cost Clause rates to go into effect on
April 1, 2024.

DATE: February 23, 2024

On January 31, 2024, Vicinity Energy Kansas City, Inc. (“Vicinity”) filed with the Commission two (2) tariff sheets for steam service to implement the Production Adjustment Cost Clause (“PACC”) for the twelve (12) months starting April 1, 2024 through March 31, 2025. The adjustment is required by Vicinity’s PACC, which the Commission approved in Case No. HR-2014-0066, effective August 1, 2014.

Vicinity’s filing included the proposed tariff sheets and supporting work papers consisting of electronic worksheets showing Vicinity’s calculation of the PACC for inclusion in customers bills’ beginning April 1, 2024 through March 31, 2025.

On February 1, 2024, the Commission directed Staff to file a recommendation on the pending tariff sheets no later than March 4, 2024.

The procedure for the calculation of the PACC for steam service sales is set out in Vicinity’s Tariff Sheets Nos. 31 through 37, which are titled “Production Adjustment Cost Clause.” The PACC calculation components as described in Tariff Sheet Nos. 36 and 37 include the Current PACC and the Reconciliation Rate or “R factor” plus any applicable reconciling adjustments.

The PACC Rider for this 10th revision of Tariff Sheet No. 36 reflects a positive charge per million pounds (“mlb”) of \$1.16, which is a \$6.37 per mlb decrease from the previous rate of \$7.53 per mlb. The PACC Rider charge is an addition to customer bills to reflect the customer share of the variation in fuel cost for the calendar year that ended in 2023.

The PACC Rider rate factor is designed to reflect each customer's share of the variation in production costs for the 2023 accumulation period compared to the actual production costs in Case No. HR-2014-0066. The difference between actual production costs and the amount of production costs covered by base rates (both on a dollar basis) is multiplied by 95% and then divided by the total metered sales during the accumulation period to quantify the PACC adjustment factor. To determine the amount of an individual customer's responsibility, the PACC adjustment factor is multiplied by the actual steam sales to that individual customer during the accumulation period, with the resulting dollar amount charged or credited to the customer in twelve (12) equal installments.

Staff reviewed the data and mathematical calculations Vicinity provided in its worksheets and found Vicinity's calculations related to the filed tariff sheets to be correct, and that the calculations satisfy the standards set forth in Vicinity's Tariff Sheet Nos. 31 through 37. The calculations are also consistent with Vicinity's PACC filing as contained in Case No. HR-2014-0066, HR-2018-0341, and HR-2023-0198.

Staff Recommendation

Staff has reviewed the filed tariff sheets and recommends approval of the following tariff sheets, as substituted on January 31, 2024, to go into effect for service on and after April 1, 2024, the requested effective date:

P.S.C. MO. No. 1

10th Revised Sheet No. 36 Cancelling 9th Revised Sheet No. 36

10th Revised Sheet No. 37 Cancelling 9th Revised Sheet No. 37

Staff has verified that Vicinity is not delinquent on any assessment and has filed its Annual Report. Vicinity is current on its submission of its Surveillance Monitoring reports as required in 20 CSR 4240-20.090(6) and its monthly reports as required by 20 CSR 4240-20.090(5). Staff's recommendation for approval of the PACC change in this case is solely based on the accuracy of Vicinity's calculations.

