

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Vicinity Energy Kansas City,)
Inc.'s Small Utility Rate Case)

File No. HR-2024-0370

NOTICE OF CORRECTED AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and states as follows:

1. On November 15, 2024, Staff filed a *Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request*, on behalf of itself and Vicinity Energy Kansas City, Inc.

2. The Agreement was inadvertently labeled as “unanimous.” The corrected *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request* is filed with this Notice.

3. These corrections have no effect on the attachments to the *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request* that were previously filed.

WHEREFORE, Staff respectfully submits this *Notice of Corrected Agreement* for the Commission’s information and consideration.

Respectfully submitted,

/s/ Casi Aslin

Casi Aslin
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all counsel of record on this 18th day of November, 2024.

/s/ Casi Aslin

**NON-UNANIMOUS AGREEMENT REGARDING DISPOSITION OF
SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

VICINITY ENERGY KANSAS CITY, INC.

MO PSC FILE NO. HR-2024-0370

BACKGROUND

On June 19, 2024, Vicinity Energy Kansas City, Inc., (“Vicinity KC” or “the Company”), filed its *Request for Staff Review of Operating Revenues* (“Request”) through the *MO PSC Staff Assisted Rate Case Procedure*¹, Case No. HR-2024-0370. This request is in due to extraordinary natural gas costs during Winter Storm Uri in February of 2021 charged to them by their provider, now that a settlement has been reached. These costs were previously deferred in Case No. HR-2023-0198 due to ongoing litigation and settlement negotiations. Vicinity KC is requesting the Missouri Public Service Commission (“Commission”) approve a Severe Storm Recovery Mechanism (“SSRM”) rider to its tariff.

Vicinity KC provides steam at Commission regulated tariff rates to approximately 42 customers in the downtown Kansas City area. Vicinity KC also provides non-regulated, non-tariffed process steam to two industrial customers through negotiated bilateral special contracts. These customers take possession of the steam at Vicinity KC’s steam plant. In addition, Vicinity KC provides steam to non-Commission regulated Vicinity Energy Missouri (“VEMO”), which uses the steam as motive power to provide chilling services to ten customers in the downtown Kansas City area. The Company provides service to approximately 47 customers in the downtown Kansas City area.

Pursuant to the provisions of the Staff Assisted Rate Case Procedure and related internal operating procedures, Staff initiated an audit of the Company’s books and records, a review of the Company’s invoices and agreements with its natural gas provider, and a review of the Company’s existing tariff. The items reviewed were in relation to the invoice the Company

¹ 20 CSR 4240-10.075

received for natural gas during the severe storm event of Winter Storm Uri. These activities are collectively referred to hereinafter as Staff’s “investigation” of the Company’s Request.

Upon completion of its investigation of the Company’s Request, Staff provided the Company and the Office of the Public Counsel (“OPC”) with information regarding the results of Staff’s investigation, including Staff’s initial recommendations for resolution of the Company’s Request.

RESOLUTION OF THE COMPANY’S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company’s receipt of the above-referenced information regarding Staff’s investigation of the Company’s request, Staff and the Company hereby state the following agreements:

- (1) The parties agreed to the addition of the SSRM rider to the Company’s tariff to be effective January 1, 2025. The proposed SSRM rider is added as Attachment A;
- (2) The parties agreed to allow the Company to collect a total of \$10,186,283.53 in approved costs for the Winter Storm Uri event that occurred from February 11th through the 19th of 2021, as described on Sheet No. 43, page 5, of the SSRM rider attached as Attachment A. This storm event’s costs will be collected from January 1, 2025 through December 31, 2028;
- (3) Customers subject to a SSRM rate may pay extra at any time to more quickly eliminate their portion of the approved costs the Company is allowed to recover;
- (4) Customers subject to a SSRM rate are allowed at any time to contact the Company to obtain a history of payments and any remaining balance amount;
- (5) Reconciling Adjustments will be processed in accordance with the proposed tariff language:
 - a. During the recovery term but no later than the end of such period, the sum collected from all tariff customers will be compared to the revenues intended to be collected from all tariff customers.
 - b. Any over-or under-collection of intended revenues will be applied to customer bills through a final Reconciling Adjustment.

- c. The Company shall use an amortization period of twelve (12) months to Refund/Credit or Charge any remaining over-collection or under-collection through the Reconciling Adjustment to customers.
 - d. Revisions due to audit adjustments or other cost corrections that arise through the operation of the SSRM may flow through as a Reconciling Adjustment, as approved by the Commission.
- (6) The overall rate base amount will not change for the Company in this proceeding;
 - (7) The rate base and Production Adjustment Cost Clause (“PACC”) base amount will not change for the Company;
 - (8) The parties agree that all terms and conditions of Vicinity’s tariff, and the conditions set forth in the Non-Unanimous Stipulation and Agreement approved by the Commission in HR-2023-0198, are adopted except as specifically noted by the terms of this Disposition Agreement. This includes the requirement for Vicinity to file a rate case no less than every four years if the PACC is to be retained. The 2023 Non-Unanimous Stipulation is included as Attachment B;
 - (9) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Non-Unanimous Disposition Agreement;
 - (10) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Non-Unanimous Disposition Agreement;
 - (11) The Company and Staff agree that they have read the foregoing Non-Unanimous Disposition Agreement, that facts stated therein are true and accurate to the best of the Company’s knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement;
 - (12) The above agreements satisfactorily resolve all issues identified by Staff and the Company regarding the Company’s request, except as otherwise specifically stated herein as additional matters.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Non-Unanimous Disposition Agreement reflect compromises between the Staff and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the change in annual operating revenue specified herein.

The Company and Staff acknowledge that Staff will be filing this Non-Unanimous Disposition Agreement and the attachments hereto, in the existing case and that the Company will file the proposed tariff revisions called for in the agreement. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Non-Unanimous Disposition Agreement, if the Commission requests one at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Non-Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

Agreement Signed and Dated:



Scott Stordahl
General Manager
Vicinity Energy Kansas City, Inc.

11/15/2024

Date



Curt Gateley
Manager – Water, Sewer, Gas & Steam Department
Missouri Public Service Commission Staff

11-18-24

Date

List of Attachments

Attachment A – Proposed Severe Storm Recovery Mechanism Rider

Attachment B – 2023 Non-Unanimous Stipulation