

5. Staff's Memorandum, attached hereto and made a part herein as Appendix A, provides information regarding Staff's review, findings, and recommendations regarding the revised PACC rates proposed by Vicinity.

6. Staff has verified that Vicinity is not delinquent on any assessment and is up to date on its Annual Report filing. Vicinity has not filed the quarter four monthly reports and Surveillance Reports for the months of October through December but is current on its monthly reports and Surveillance Reports for quarters one through three (comprising the months of January through September), as required in 20 CSR 4240-20.090(5) and (6). Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

7. Staff's recommendation for approval of the PACC revisions in this case is solely based on the accuracy of Vicinity's calculations and does not constitute a review of the prudence of Vicinity's actions in relation to this matter. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order approving Vicinity's proposed PACC tariff sheets (Tracking No. JH-2026-0100) filed on February 25, 2026, to take effect on April 1, 2026, and grant such other relief as is just.

Respectfully submitted,

/s/ Andrea B. Hansen

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 3rd day of March, 2026.

/s/ Andrea B. Hansen

MEMORANDUM

TO: Missouri Public Service Commission Official Case
Case No. HT-2026-0192, Tariff Tracking No. JH-2026-0100
Vicinity Energy Kansas City, Inc.

FROM: Jadon Stafford, Economics Analyst
Water, Sewer, Gas, and Steam Dept.

/s/ Jadon Stafford / 03-03-2026
Industry Analysis Division / Date

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, 2026.

DATE: March 3, 2026

On January 30, 2026, 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 twelve (12) months starting April 1, 2026, through March 31, 2027.

The annual adjustment is required by Vicinity’s PACC, which the Commission approved in File No. HR-2014-0066, effective August 1, 2014, and was required to be filed by the first day of the month following the end of the accumulation period established on Tariff Sheet No. 33 as February 1 for a single annual filing.

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, 2026, through March 31, 2027 - matching the established recovery period on Tariff Sheet 33 of April 1, 2026, through March 31, 2027.

On January 30, 2026, the Commission directed Staff to file a recommendation on the pending tariff sheets no later than March 4, 2026.

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 rate factor is designed to reflect each customer's share of the variation in production costs for the 2025 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 found that supporting information was necessary to verify the amounts listed by Vicinity in their initial workbook. Vicinity provided additional workbooks detailing the true-up calculations and the requested supporting information.¹

Upon reviewing the supporting information and the mathematical calculations Vicinity provided in its initial worksheets, Staff 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 currently effective Tariff Sheet Nos. 31 through 37. The calculations are also consistent with Vicinity's PACC filing as contained in File Nos. HR- 2014-0066, HR-2018-0341, and HR-2023-0198.

Staff identified errors in rounding on the revised tariff sheets submitted, and Vicinity submitted substitute tariff sheets on February 25, 2026, correcting those errors. Staff finds the most recent substitute tariff sheets changing the effective date to be acceptable. The figures stated in the paragraph below are represented in the substitute tariff sheet submitted on February 25, 2026.

The PACC Rider for this 12th revision of Tariff Sheet No. 36 reflects a positive charge per million pounds ("Mlb") of \$0.69599, which is a \$1.50816 per Mlb increase from the previous surcharge rate of (\$0.81217) per Mlb. The PACC Rider positive charge is an increase to customer bills to reflect the customer share of the variation in fuel cost for the calendar year that ended in 2025. This means that a customer would see a monthly PACC bill increase.

¹ Via emails on February 6, 2026, February 18, 2026, February 19, 2026, and February 25, 2026.

Staff Recommendation

Staff has reviewed the filed substitute tariff sheets and recommends approval of the following tariff sheets, as revised on February 25, 2026, to go into effect for service on April 1, 2026, the requested effective date:

P.S.C. MO. No. 1

12th Revised Sheet No. 36 Cancelling 11th Revised Sheet No. 36

12th Revised Sheet No. 37 Cancelling 11th Revised Sheet No. 37

Staff has verified that Vicinity is not delinquent on any assessment and is up to date on its Annual Report filing. Vicinity has not filed the quarter four monthly reports and Surveillance Reports, for the months of October through December, but is current on its monthly reports and Surveillance Reports for quarters one through three, containing the months of January through September, as required in 20 CSR 4240-20.090(5) and (6). Staff's recommendation for approval of the PACC change in this case is solely based on the accuracy of Vicinity's calculations and does not constitute a review of the prudence of Vicinity's actions in relation to this matter. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

