

**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	)	<b><u>Case No. HT-2023-0360</u></b>
Changing the Steam QCA for Service	)	Tariff No. JH-2023-0188
Provided to Customers in its Service	)	
Territory	)	

**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. EMW files its 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 April 17, 2023, EMW filed one proposed tariff sheet, bearing an effective date of June 1, 2023, to revise its first quarter 2023 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 56th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1 55th 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. The Commission issued its *Order Directing Filing* on April 17, 2023, directing Staff to file a recommendation regarding the proposed tariff sheets no later than May 17, 2023.

5. EMW proposes a QCA Rate of \$2.2922 per Million British Thermal Unit (MMBtu), which is a decrease over the currently effective QCA Rate of \$2.7350 per MMBtu. This proposed QCA Rate will apply during the first quarter of 2023, which is EMW's billing period of June 1, 2023 through August 31, 2023.

6. This proposed QCA Rate for the first quarter of 2023 reflects a decrease of \$1,385,512 in adjusted fuel costs, compared to the same fuel costs for the first 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.

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 third quarter of 2021 through the fourth quarter of 2022. The R Factor for this QCA Rate is a decrease of \$19,025, compared to the first 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 \$922.80 for every thousand MMBtu used during the first quarter of the 2023 billing period, compared to the fourth quarter of the 2022 billing period.

9. 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 56th Revised Sheet No. 6.10 Canceling P.S.C. MO. No. 1 55th 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.<sup>1</sup> 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 April 17, 2022, to go into effect June 1, 2023:

P.S.C. MO. No. 1  
56<sup>th</sup> Revised Sheet No. 6.10 Canceling 55<sup>th</sup> Revised Sheet No. 6.10

Respectfully submitted,

**/s/ Travis J. Pringle**

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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 2nd day of May, 2023.

**/s/ Travis J. Pringle**

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<sup>1</sup> On April 14, 2023, Staff provided notice of its initiation of a prudence review of EMW's implementation of its Quarterly Cost Adjustments in File No. HO-2023-0357. Staff does not believe the prudence review affects this tariff filing because the prudence review covers EMW's operations during the period of January 1, 2022 through December 31, 2022.

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. HT-2023-0360 and Tariff Tracking No. JH-2023-0188

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

/s/ Melanie M. Clark 05/02/2023                      /s/ Travis Pringle 05/02/2023  
Water, Sewer & Steam Dept. / Date                      Staff Counsel Division / Date

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

**DATE:** May 2, 2023

On April 17, 2023, 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 June 1, 2023:

P.S.C. MO. No. 1

56<sup>th</sup> Revised Sheet No. 6.10 Canceling 55<sup>th</sup> Revised Sheet No. 6.10

This tariff filing revises the Quarterly Cost Adjustment Rate (“QCA Rate”) for the first 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.<sup>1</sup> 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

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<sup>1</sup> Evergy Missouri West Tariff, Revised Sheet No. 6.6.

proposed tariff sheet and supporting work papers, consisting of electronic worksheets showing EMW’s calculation of the QCA Rate for the first quarter of 2023.

On April 17, 2023, the Commission issued an *Order Directing Staff to File a Recommendation* ordering Staff to file its recommendation no later than May 17, 2023.

The table below shows the calculation of the proposed Monthly QCA Rate (“Monthly QCA Rate”) for the first quarter of 2023, effective for the billing period of June 1, 2023 through August 31, 2023, 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)	Q2 2022	9/1/2022	12	8/31/2023	\$ 0.7874	Q2 2022	\$ (0.0027)	\$ 1.9315	\$ 844.80
(2)	Q3 2022	12/1/2022	12	11/30/2023	\$ 0.7030	Q3 2022	\$ 0.0025	\$ 2.2550	\$ 323.50
(3)	Q4 2022	3/1/2023	12	2/29/2024	\$ 0.7184	Q4 2022	\$ (0.0138)	\$ 2.7350	\$ 480.00
(4)	Q1 2023	6/1/2023	12	5/31/2024	\$ 0.1032	Q1 2023	\$ (0.0058)	\$ 2.2922	\$(442.80)
					<b>\$ 2.3120</b>		<b>\$ (0.0198)</b>		
					<b>Monthly QCA<sup>1</sup></b>				
(5)	Q1 2023	6/1/2023	3	8/31/2023	<b>\$ 2.2922</b>				

<sup>1</sup> 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 \$2.2922, compared to the current Monthly QCA Rate of \$2.7350 per MMBtu.

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

The proposed Monthly QCA Rate for the first quarter 2023 reflects a decrease of \$1,385,512 in adjusted fuel costs, when compared to the same fuel costs for the Monthly QCA Rate for the first quarter 2022. The company states this decrease is due to overall lower fuel costs when compared to the same time period in 2022.<sup>2</sup> The Reconciliation Rate component or “R Factor” reflects a decrease of \$19,025 when compared to the same quarter last year.<sup>3</sup>

<sup>2</sup> Natural gas cost approximately \$3.42 per MMBtu in first quarter 2023, compared to approximately \$4.95 per MMBtu in first quarter 2022.

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

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.

**Customer Billing Comparison**

The following table compares, per thousand MMBtu, the proposed cost for customers receiving steam service for the period June 1, 2023 through August 31, 2023<sup>4</sup> to the current period of March 1, 2023 through May 31, 2023:<sup>5</sup>

Billing Comparison from Q4 2022 to Q1 2023		
Q4 2022	Q1 2023	
Billing	Billing	Difference
\$ 480.00	\$ (442.80)	\$ (922.80)

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 \$922.80 for every thousand MMBtu for the billing period June 1, 2023 through August 31, 2023, compared to the 2022 fourth quarter billing period.

**Staff Recommendation**

Staff recommends the Commission approve EMW's proposed filed tariff sheet with the effective date of June 1, 2023:

P.S.C. MO. No. 1

56<sup>th</sup> Revised Sheet No. 6.10 Canceling 55<sup>th</sup> 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.

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<sup>4</sup> \$2.2922 per MMBtu.

<sup>5</sup> \$2.7350 per MMBtu.

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

In the Matter of Evergy Missouri West, Inc.'s ) File No. HT-2023-0360  
d/b/a Evergy Missouri West's Tariffs Changing ) Tracking No. JH-2023-0188  
the Steam QCA for Service Provided to )  
Customers in its Service Territory )

**AFFIDAVIT OF MELANIE M. CLARK**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

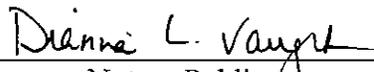
**COMES NOW** Melanie M. Clark, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

  
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**MELANIE M. 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 2nd day of May, 2023.

  
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Notary Public

