

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

In the Matter of Vicinity Energy Kansas City ) **File No. HT-2025-0234**  
Inc.'s Adjustment to its PACC Tariff Rate ) Tracking No. JH-2025-0128

**STAFF RECOMMENDATION AND**  
**MOTION FOR EXPEDITED TREATMENT**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Staff Recommendation and Motion for Expedited Treatment*, states as follows:

1. On February 27, 2025, Vicinity Energy Kansas City, Inc. (“Vicinity”) filed two (2) tariff sheets (Tariff Sheet Nos. 36 and 37) and testimony with the Missouri Public Service Commission (“Commission”), in order to revise its Production Adjustment Cost Clause (“PACC”) – proposed by Vicinity to become effective on June 1, 2025.

2. On February 28, 2025, the Commission issued an *Order and Notice*, directing Staff to file its *Staff Recommendation* no later than April 14, 2025.

3. Subsequent to its initial filing on February 27, 2025, Vicinity submitted five (5) substitutions for Tariff Sheet Nos. 36 and 37 – the last being filed on April 11, 2025.

4. The Tariff Sheet Nos. 36 and 37 that were filed on April 11, 2025, both bear an effective date of May 1, 2025.

5. By its tariff, if Vicinity chooses the Single Annual Filing option when recovering costs through the PACC – which it chose to do in the instant case – Vicinity is required to file its proposed tariff revisions by February 1.<sup>1</sup> However, Vicinity did not file

<sup>1</sup> “The Company will submit filings to the Commission for the accumulation period pursuant to this PACC Rider by the first day of the month following the end of the accumulation period.”, P.S.C.MO. No. 1 1<sup>st</sup> Revised Sheet No. 33.

its initial revised tariff sheets until February 27, 2025. The combined effect of Vicinity's late initial filing and its subsequent, substitute tariff filings prevented Staff from filing a recommendation before the April 1 effective date that is required under the tariff.<sup>2</sup>

6. Staff is of the opinion that by requiring Vicinity to file Tariff Sheet Nos. 36 and 37 with a May 1, 2025 effective date, it is ensuring Vicinity remains in compliance with Vicinity's tariff requirements – to the extent practicable under the circumstances.<sup>3</sup>

7. Staff conducted a review of the tariff revisions and accompanying testimony and recommends the Commission issue an order approving the following tariff sheets, as substituted on April 11, 2025, to go into effect for service on or after May 1, 2025, the requested effective date:

P.S.C. MO. No. 1

11<sup>th</sup> Revised Sheet No. 36 Cancelling 10<sup>th</sup> Revised Sheet No. 36

11<sup>th</sup> Revised Sheet No. 37 Cancelling 10<sup>th</sup> Revised Sheet No. 37

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

9. Staff has verified that Vicinity is not delinquent on any assessment and has filed its Annual Report.

10. Vicinity is current on its submission of its monthly reports and Surveillance Reports as required in 20 CSR 4240-20.090(5) and (6).

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<sup>2</sup> If Vicinity chooses to pursue the Single Annual Filing option under the PACC, the Recovery Period must take place from April through March of the respective years in which the Recovery Period is taking place, P.S.C.MO. No. 1 1<sup>st</sup> Revised Sheet No. 33.

<sup>3</sup> "...[E]ach PACC filing plus any reconciling adjustments, will be billed to each individual Customer in twelve (12) equal installments based on each Customer's actual steam usage during the originating accumulation period.", P.S.C.MO. No. 1 1<sup>st</sup> Revised Sheet No. 31; The recovery period for a Single Annual Filing scheme under Vicinity's PACC must be from April to March of the respective years in which the recovery takes place, P.S.C.MO. No. 1 1<sup>st</sup> Revised Sheet No. 33.

11. 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.

12. Pursuant to 20 CSR 4240-2.080(14), Staff respectfully requests that the Commission give this motion expedited treatment and take up this matter in the Agenda Meeting scheduled for April 16, 2025, to prevent further delay of Vicinity's PACC. This pleading was filed as soon as it could have been.

**WHEREFORE,** Staff recommends the Commission issue an order approving Vicinity's proposed PACC tariff sheets (Tracking No. JH-2025-0128) filed on April 11, 2025, to take effect on or after May 1, 2025; 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 14<sup>th</sup> day of April, 2025.

**/s/ Andrea B. Hansen**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File No.  
HT-2025-0234, Tariff Tracking No. JH-2025-0128 Vicinity  
Energy Kansas City, Inc.

FROM: Melissa Reynolds, Senior Research/Data Analyst

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, 2025.

DATE: April 14, 2025

On February 27, 2025, 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 ten (10) months starting June 1, 2025 through March 31, 2026. 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 June 1, 2025 through March 31, 2026. The established recovery period on Tariff Sheet 33 is April 1, 2025 through March 31, 2026.

On February 28, 2025, the Commission directed Staff to file a recommendation on the pending tariff sheets no later than April 14, 2025.

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 11<sup>th</sup> revision of Tariff Sheet No. 36 reflects a negative charge per million pounds (“mlb”) of (\$0.81217), which is a \$1.97 per mlb decrease from the previous surcharge rate of \$1.16 per mlb. The PACC Rider negative charge is a reduction to customer bills to reflect the customer share of the variation in fuel cost for the calendar year that ended in 2024. This means that a customer would see a monthly PACC bill credit.

The PACC Rider rate factor is designed to reflect each customer’s share of the variation in production costs for the 2024 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.

**ATTACHMENT A**

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 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.

Vicinity requested this PACC be a ten (10) month adjustment, starting June 1, 2025 through March 31, 2026. Staff notified Vicinity that such a change could not be approved without a tariff filing, as the tariff language specifically requires a twelve (12) month adjustment period. Staff also identified errors in rounding and formatting on the revised tariff sheets submitted, and Vicinity submitted substitute tariff sheets on March 6 and March 10. Staff identified additional formatting errors, and Vicinity submitted corrected substitute tariff sheets that resolved the PACC period and the formatting errors on March 31 and April 1. Due to timing of revision submissions, Staff finds the most recent substitute tariff sheets changing the effective date to be acceptable.

### **Staff Recommendation**

Staff has reviewed the filed substitute tariff sheets and recommends approval of the following tariff sheets, as substituted on April 11, 2025, to go into effect for service on May 1, 2025, the requested effective date:

**P.S.C. MO. No. 1**

11<sup>th</sup> Revised Sheet No. 36 Cancelling 10<sup>th</sup> Revised Sheet No. 36

11<sup>th</sup> Revised Sheet No. 37 Cancelling 10<sup>th</sup> 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 monthly reports and Surveillance Reports 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.

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

In the Matter of Vicinity Energy Kansas City     )  
Inc.'s Adjustment to its PACC Tariff Rate         )


File No. HT-2025-0234

**AFFIDAVIT OF MELISSA J. REYNOLDS**

STATE OF MISSOURI     )  
                                      )     ss.  
COUNTY OF COLE     )

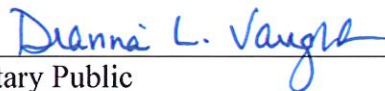
**COMES NOW MELISSA J. REYNOLDS** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
**MELISSA J. REYNOLDS**

**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 14<sup>th</sup> day of April 2025.

  
Notary Public

