Exhibit No. 111

Evergy Missouri West – Exhibit 111
Melissa K. Hardesty
Direct Testimony
File Nos. ER-2022-0129 & ER-2022-0130

Exhibit No.:	
Issue:	EDITs, Current Tax and ADIT, Potential Federal Tax Increase, Property Tax
Witness:	Melissa K. Hardesty
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri West
Case Nos.:	ER-2022-0130
Date Testimony Prepared:	January 7, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0130

DIRECT TESTIMONY

OF

MELISSA K. HARDESTY

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri
January 2022

DIRECT TESTIMONY

OF

MELISSA K. HARDESTY

Case No. ER-2022-0130

Q: Please state your name and business address.

A: My name is Melissa K. Hardesty. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Evergy Metro, Inc. and serve as Senior Director of Taxes for for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West" or "Company"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central") the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Missouri West.

Q: What are your responsibilities?

A: My responsibilities include management of taxes for Evergy Missouri West, including income, property, sales and use, and transactional taxes.

Q: Please describe your education, experience, and employment history.

A: I graduated from the University of Kansas in 1996 with a Bachelor of Science in Accounting. After completion of my degree, I worked at the public accounting firm Marks, Stallings & Campbell, P.A. as a staff accountant from 1996 to 1999. In 1999, I went to work for Sprint Corporation as a Tax Specialist in the company's federal income tax department. I held various positions at Sprint from 1999 to 2006. When I left Sprint to join Evergy in December 2006, I was Manager of Income Taxes for Sprint's Wireless Division. I joined Evergy as the Director of Taxes and was subsequently promoted to my current position of Senior Director of Taxes for Evergy in May of 2009.

Q: Have you previously testified in a proceeding at the Missouri Public Service Commission ("MPSC" or "Commission") or before any other utility regulatory agency?

A: Yes.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to describe the various tax related adjustments included in the revenue requirement model (Schedule MKH-1 attached to this testimony.) The schedule includes various adjustments for accumulated deferred income taxes in rate base, income tax expense, and property tax expense.

RB-125 ACCUMULATED DEFERRED INCOME TAXES

Q: Please explain adjustment RB-125.

A: We adjusted June 30, 2021 Accumulated Deferred Income Taxes ("ADIT") in adjustment RB-125. Deferred income taxes represent the tax on timing differences for deductions and income reported on Evergy Missouri West income tax returns compared to what is reported for book purposes. ADIT represents the accumulated balance of these income tax timing differences at a point in time.

Q: What are the ADIT adjustments to Evergy Missouri West rate base?

A: Adjustment RB-125 related to items included in Evergy Missouri West's rate base or net operating income. This schedule reflects the deferred tax liabilities relating to depreciation and other expenses deducted for the tax return in excess of book deductions (including bonus depreciation), resulting in a rate base decrease. This adjustment also reflects deferred tax assets that serve to increase rate base.

Q: Why does ADIT affect rate base?

A: ADIT liabilities such as accelerated depreciation are considered a cost-free source of financing for ratemaking purposes. Ratepayers should not be required to provide for a return on plant in service that has been funded by the government in the form of reduced (albeit temporarily) taxes. As a result, ADIT liabilities are reflected as a rate base offset (reduction in rate base). Conversely, ADIT assets such as the timing difference related to accrued maintenance increase rate base. Evergy Missouri West has paid taxes to the government in advance of the time when such taxes are included in cost of service and collected from ratepayers. To the extent taxes are paid, Evergy Missouri West must borrow money and/or use shareholder funds. The increase to rate base for deferred income tax assets allows shareholders to earn a return on shareholder-provided funds until recovered from ratepayers through ratemaking.

Q: What time period was used for ADIT in this case?

A: ADIT is based in general on June 30, 2021 general ledger balances, with the plant-related ADIT balances adjusted for projected plant activity through May 31, 2022 as reflected in rate case adjustment RB-20. In addition, Pension related ADIT balances were adjusted for projected activity through May 31, 2022 as reflected in rate case adjustments RB-65.

Q: Does the projected ADIT in this case include the impact of the reduction of the Missouri corporate tax rate effective beginning in 2020?

A: Yes. However, there is minimal impact of the Missouri corporate rate reduction on ADIT included in rate base. The amount of ADIT computed using the historical statutory rates versus the new Missouri rate of 4% is considered excess ADIT. This excess ADIT remains in rate base until it is amortized and has been included in the income tax expense component of cost of service. The amortization of the excess ADIT is included in the adjustment for CS-125 Income Taxes. See this workpaper for more detailed information related to the amortization of excess ADIT.

CS-125 INCOME TAX

Q: Please explain adjustment CS-125.

A: We adjusted test period income tax expense based on various adjustments to test year taxable income. The adjusted income tax calculation is shown on Schedule MKH-1. The income tax adjustment includes current income taxes, deferred income taxes, and the amortization of investment tax credits ("ITC") and certain other amortizations.

Q: Does the adjustment include the impact of the Missouri corporate tax rate reduction?

A: Yes. The reduction of the Missouri corporate tax rate in 2020 to 4% and an estimate of the annual amount of amortization related to excess ADIT (included in certain other amortizations) created as a result of the legislation is included in the income tax expense calculation.

Q: Please explain the current income tax component in cost of service as calculated in Schedule MKH-1.

A: Jurisdictional operations and maintenance deductions and other adjustments are applied against jurisdictional revenues to derive net jurisdictional taxable income, which is then used to compute the jurisdictional current income tax expense component (current provision) for cost of service. For book purposes, these adjustments are the result of book versus tax differences and their implementation under normalization or flow through tax methods. Each adjustment is either added to or subtracted from net income to derive net taxable income for ratemaking. For Schedule MKH-1, however, a simplified methodology is used that eliminates the need to specifically identify all book and tax differences. Most significantly, all basis differences between the book basis and tax basis of assets are ignored in the current tax provision. Accelerated tax depreciation is used in the currently payable calculation based on the tax basis of projected Plant in Service as identified in adjustment RB-20. The difference between the accelerated depreciation deduction for tax depreciation on tax basis assets and the book depreciation deduction calculated on a straight-line basis generates offsetting deferred income tax. The resulting income tax expense, considering both the current and deferred income tax components, reflects a level of total income taxes as if the depreciation deduction to arrive at taxable income was based solely on depreciation of projected tax basis assets calculated on a straight-line basis. This modified approach normalizes depreciation relating to the method differences (*e.g.*, accelerated versus straight-line) and life differences. The Company and the MPSC Staff have used this modified approach since the 2014 Rate Case.

Q: Please describe the adjustments to derive net taxable income for ratemaking.

A: The following are the primary adjustments to derive net taxable income for ratemaking purposes:

- Book depreciation and amortization expense (adjustments CS-120 through CS- 121) have been excluded from the deductions listed on Schedule MKH-1. Book depreciation and amortization expense (adjustments CS-120 through CS- 121) have been excluded from the deductions listed on Schedule MKH-1. As previously discussed, accelerated tax depreciation on both projected depreciable plant and projected amortizable plant is subtracted to derive taxable income.
- A portion of Meals and Entertainment expense is added back in to derive net taxable income since a portion of certain meals and entertainment expenses is not tax deductible. This adjustment increases taxable income and ultimately increases the current income tax provision. The amount by which taxable income was increased is equal to the amount for the 2020 federal income tax return.
- Interest expense is subtracted to derive net taxable income. It is calculated by multiplying the adjusted jurisdictional rate base by the weighted average cost of debt as recommended in this proceeding. This is referred to as "interest synchronization" because this calculation ensures that the interest expense deducted to derive current taxable income equals the interest expense provided for in rates.

Q: Once the deductions and adjustments have been applied to net income to derive taxable income for ratemaking, what further deductions from taxable income are applied before calculating the two components of current income tax expense: federal current income tax expense and Missouri state current income tax expense?

A: Before calculating federal income taxes, Missouri state income taxes are deducted. Before calculating Missouri state income taxes, one-half of federal income taxes are deducted.

Q: How are the current income tax components calculated?

A: The current income tax calculation utilizes the 21% federal tax rate and a 4% Missouri state tax rate, each of which is applied independently to the appropriate level of taxable income as discussed above. The federal and state income tax rates are used to compute the composite tax rate of 23.844% which is used to calculate deferred income taxes, discussed below. The composite tax rate reflects the federal benefit relating to deductible Missouri state income tax and the Missouri benefit of deducting 50% of federal income taxes when computing the current Missouri tax provision.

Q: Is the current federal tax expense, determined by multiplying current taxable income by the federal income tax rate, further reduced by tax credits?

A: Yes, the R&D tax credit reduces the current federal income tax due.

Q: Please explain the R&D tax credit on Schedule MKH-1.

A: IRC Section 41 allows for a federal tax credit based on the amount of qualified research expenses incurred. The adjustment shown on this schedule as a direct reduction of the currently payable federal income tax expense reflects the estimated R&D tax credit for Evergy Missouri West's based on the amount claimed on the 2020 federal tax return.

Q: Please explain the deferred income tax component of cost of service as calculated in Schedule MKH-1.

A: The deferred income tax component of cost of service is primarily the result of applying the composite income tax rate (23.844%) to the difference between projected accelerated tax depreciation used to compute current income tax, as discussed earlier in this testimony, and projected book depreciation.

The other main deferred tax item is the amortization of excess deferred income taxes, AFUDC Equity reversal, and other miscellaneous flow-through items.

Excess deferred income taxes primarily reduce the income tax component of cost of service. During the 1980s and up until 2017, the federal tax rate was higher than 2021's 21% rate. Since deferred taxes were provided at the rate in effect when the originating timing differences were generated, the deferred income taxes were provided at a rate higher than the tax rate that is expected to be in existence when the timing differences reverse and the taxes are due to the government. This difference in the federal rates is being amortized into cost of service over the remaining book lives of the assets that generated the timing differences for protected plant related temporary differences and over the period of time agreed to in the 2018 rate case for other non-protected plant related and other temporary differences. The difference in the Missouri rates has been included and is being amortized over four years for all excess deferred taxes. The AFUDC Equity reversal adjustment represents the reversal of the book amortization of AFUDC Equity placed in service in prior years not allowed for tax purposes. The other miscellaneous flow-through items represent the reversal of book amortization of other small items placed in service and flowed through to ratepayers in prior years.

Q: Are there other amounts of excess deferred income taxes included in the adjustment for income taxes?

A: Yes. The Company has two other types of excess deferred income taxes included in this case.

(1) The Company was required to defer the amortization of federal excess deferred income taxes related to the Tax Cut and Jobs Act of 2017 prior to when rates were effective in Evergy Missouri West's 2018 rate case (not already given back as a bill credit), per the Stipulation and Agreement approved with the rate order in case ER-2018-0146. These excess deferred taxes have not been amortized yet and the Company has included an adjustment to begin amortizing these excess deferred income taxes over four years.

(2) The Company also deferred the amortization of excess deferred income taxes that was directly related to the retirement of the Sibley generation station at the end of 2018 after rates were set in the 2018 rate case. These excess deferred income taxes have also not been amortized yet and the Company has included an adjustment to begin amortizing these excess deferred income taxes over four years as well.

Q: How was the four-year amortization period determined for excess deferred income taxes related to the Missouri rate change, the additional 2018 amortization, and the retirement of the Sibley Montrose generation station?

A: These excess deferred income taxes are not subject to the Internal Revenue Service (IRS) normalization requirements. They represent a state rate change or excess deferred taxes that would have already been amortized under the IRS normalization rules. Therefore, they are not covered by the IRS rules, and any amortization period may be set by the Commission. The Company believes that a four-year period is a reasonable period to return these benefits as quickly as possible to customers without a large impact on rates once the amortization is complete.

Q: Does the Company expect there to be another federal corporate tax rate change during the duration of this rate case?

A: It is uncertain whether another federal tax rate change could occur during this rate case. However, if Congress does enact new legislation that would increase or decrease the federal corporate tax rate before the true-up period in this case, the Company requests that any impact of the rate change n and any amortization of any new deficient or excess deferred taxes generated be included as an adjustment in this case.

Q: Please explain the ITC amortization component in cost of service as calculated in Schedule MKH-1.

A: ITC amortization reduces the income tax component of cost of service. ITC is amortized ratably over the remaining book lives of the underlying assets.

CS-126 PROPERTY TAX

Q: Please explain adjustment CS-126.

A: The Company annualized the real estate and personal property tax expense and payments-in-lieu-of-taxes ("PILOT") that will be paid based on the estimated plant in-service balances on January 1, 2022.

Q: How was annualized property tax expense determined?

A: Evergy Missouri West used a property tax ratio of estimated property tax expense for 2021 divided by actual plant in-service as of January 1, 2021. This ratio was then applied to the estimated January 1, 2022 plant original cost to project the 2022 property tax expense. The annual PILOT payments for the Crossroads and South Harper generation plants were then added to the projected 2022 property tax expense to determine the Company's annualized property tax amount.

Q: Why was the estimated January 1, 2022 original plant cost used?

A: The property taxes paid for 2021 are based on the plant balances on January 1, 2021. However, the property taxes paid for 2022, the first year that the new rates in this case will be in effect, will be based on plant balances as of January 1, 2022.

Q: Do the various components of the real estate and personal property tax adjustment discussed above take into effect tax amounts allocated to vehicles and charged to accounts other than property tax expense and amounts allocated to non-utility plant?

A: Yes, these components have been excluded from both the plant-in-service and property taxes paid components of the calculation.

Q: Please explain the PILOT adjustment.

A: The Company has placed in-service two generation facilities (South Harper and Crossroads) that were built under Chapter 100 financing. Facilities constructed using Chapter 100 financing are exempt from real and personal property taxes. To ensure proper permitting and easements were obtained, the Company agreed to provide PILOT payments to the taxing authorities where these two facilities are located. South Harper has an annual payment of $241,832 and Crossroads has an annual payment of $258,000.

Q: Is the Company requesting a Property Tax Tracker in this rate case?

A: Yes.

Q: Please explain how the Property Tax Tracker will work.

A: The difference between the actual property tax expense incurred and the property tax expense amount used in setting rates in the most recently completed general rate case proceeding (base rates) will be deferred into a regulatory asset or liability account. The regulatory asset or liability account balance will be included in the Company's subsequent general rate proceeding through an amortization over a period of time set by the Commission. The unamortized regulatory asset or liability account balance will also be included in Rate Base and used to establish the revenue requirement in the rate case. Please see the Direct Testimony of Company Missouri West witnesses Darrin Ives and Michael Adams.

Q: Why it is reasonable for the Commission to provide a tracker for property taxes?

A: Property taxes paid by Evergy Missouri West benefit its ratepayers. Historically, and projected going forward, the Company has experienced an under-recovery of property taxes paid. In some years the under-recovery is significant. Property tax valuations are determined by the State of Missouri and Kansas and mill levies are set by various Missouri and Kansas taxing jurisdictions. Evergy Missouri West assists the State assessors to ensure that it receives a fair valuation. However, the final valuations are set by the State, and the Company has no input on how mill levies are set. There should be no negative effect on the Company's ability to earn its authorized return due to taxes assessed by Missouri and Kansas that benefit its customers, especially given that the Company has little control over the assessments. Additionally, the tracker would be structured to provide the value of any adjustments back through the tracker to the benefit of customers.

Q: What has been the property tax expense for Evergy Missouri West over the last ten years?

A: A table with the property tax expense for Evergy Missouri West is provided below:

Year	Property Tax Expense	Increase (Decrease) from prior year
2021	47,320,320	1,642,083
2020	45,678,236	2,600,513
2019	43,077,724	(341,437)
2018	43,419,161	1,214,156
2017	42,205,005	(2,213,180)
2016	44,418,185	(5,927)
2015	44,424,111	4,770,045
2014	39,654,067	3,290,252
2013	36,363,814	8,585,658
2012	27,778,156	-

Q: Do the amounts shown in this e table of property tax expense represent regulatory lag and under-recovery of property taxes?

A: Yes. Evergy Missouri West last reset its Missouri rates in 2018. As the table shows, there have been significant increases in property tax expense since the 2018 rate case which represent significant regulatory lag and under-recovery by the Company.

Q: Do you expect property taxes to continue to increase after 2021?

A: Yes. The table below shows the Company's current estimate of property tax expense for 2022-2026.

Year	Property Tax Expense	Increase (Decrease) from prior year
2022	[redacted]	
2023		
2024		
2025		
2026		

Q: Is Evergy able to dispute valuations and mill levies?

A: Yes. A taxpayer may dispute valuations. However, in my years of experience it is difficult to achieve meaningful changes to valuations once they are determined by a state. Unfortunately, Evergy may not dispute a mill levy once set by a taxing jurisdiction.

Q: Please explain the valuation process and how property taxes are determined by the States of Kansas and Missouri for utilities?

A: In Kansas and Missouri, electric utilities like Evergy Missouri West are valued at the state level instead of the county or local level for all property except real estate, rail cars, construction work in progress, and vehicles. This is generally referred to as being "centrally assessed." Both states start by determining the fair market value of the Company (not the fair market value of the utility's assets or property). Once the fair market value of the Company is determined, then the value is allocated pro-rata to the counties in Missouri where the utility provides service based on miles of distribution and transmission lines ("pole miles") and allocated to the counties based on the historical cost of property in each county in Kansas. Once each county has its allocated share of "fair market value" of Evergy Missouri West, the county then applies the mill levy determined for that year and sends the Company a bill. For real estate, rail cars, construction work in progress, and vehicles, the fair market value of each asset is determined by each county which then applies the mill levy determined for that year and sends Evergy Missouri West a bill. The aggregate amount of these bills represents the total amount of property taxes paid by the Evergy Missouri West in a year.

Q: Please explain how the fair market value is determined for utilities by Kansas and Missouri.

A: The state appraisers use three standard appraisal methods for determining the fair market value of utilities, upon which the property tax assessments for the Company are based. The three methods used are the Cost Approach (based on the cost of plant placed in service), the Income Approach (based on an average of net operating income of the entity over a certain period of time divided by the Company's cost of capital), and the Market Approach (based on the stock value of the company). Once the three calculations are done, the appraisers determine a fair market value that in their opinion is in line with these three calculations. Certainly, the addition of plant-in-service directly impacts the calculation of fair market value for the Cost Approach. However, Kansas and Missouri appraisers do not rely solely on the Cost Approach to determine fair market value. In fact, over my tenure at Evergy Missouri West, the fair market values as established by state assessment authorities have been very close to the value determined by the Income Approach. That is, assessment authorities have placed more emphasis on the Income Approach than either the Cost Approach or the Market Approach.

Q: What factors impact a valuation computed under the Income Approach methodology?

A: The Company's net operating income and it's cost of capital are the primary factors that impact a valuation set under the Income Approach appraisal method. As net operating income increases or cost of capital decreases, the fair market value of the Company increases. It is the estimated increase in net operating income, which will be significantly driven by the revenue increases to be authorized from Evergy Missouri West's rate case in Missouri, that the Company estimates will drive increases in property tax estimates in future years.

Q: Specifically, how will revenue increases authorized for Evergy Missouri West in its rate case impact future property taxes?

A: In the current rate case in Missouri, Evergy Missouri West is requesting revenue increases for several factors, including investments to upgrade its utility infrastructure in accordance with recently enacted legislation. The additional revenue that may authorized by the Commission is expected to increase rates for Missouri customers in the latter part of 2022. This revenue will begin to impact net operating income (or earnings) of Evergy Missouri West once rates become effective. This increase in net operating income will impact the state assessor's determination of fair market value using the Income Approach on January 1 of the year following the increase in net operating income. Because there will only be a few days of additional revenue in 2022, the Company will only see a partial increase in property taxes in 2023 (based on a January 1, 2023 assessment date). It will likely be 2024 or later before the full impact of the net operating income generated by new rates authorized will be represented in state assessments. As you can see there is a significant delay in the increase in property taxes due to investments made by the Company. It is this increase in net operating income in future years that will be the primary factor for continued increases in property taxes in future years.

Q: Please explain how mill levy rates may also impact property taxes?

A: The property tax mill levy rates are set by each county and then applied to the assessments by the various taxing authorities. These mill levy rates are adjusted up or down annually depending on the revenue needed by the taxing jurisdictions. The mill levy rates will increase if the taxing jurisdictions need to increase tax revenues to offset other sources of revenue that may decrease due to the economy or other factors. Because Evergy Missouri West has no ability to affect this process, the Company should be able to recover or refund any changes that t mill levies have on property tax expense as they occur to avoid regulatory lag.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement A General Rate Increase for Electric Service	))))	Case No. ER-2022-0130

AFFIDAVIT OF MELISSA K. HARDESTY

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Melissa K. Hardesty, being first duly sworn on his oath, states:

1. My name is Melissa K. Hardesty. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. and serve as Senior Director of Taxes.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri West consisting of seventeen (17) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Melissa Hardesty

Melissa K. Hardesty

Subscribed and sworn before me this 7th day of January 2022.

Anthony R. Westenkirchner

Notary Public

My commission ex pires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Income Tax Calculation

Line No.	Line Description	Total Company GMO	Juris Factor #	Juris Allocation	Tax Rate	(ELEC-JURIS) Adjusted with 7.123% Return	
	A				B	C	
1	Net Income Before Taxes (Sch 9)					133,326,065	
2	***Add to Net Income Before Taxes:***						
3	Depreciation Expense					135,800,011	
4	Plant Amortization Exp					1,410,663	
5	Transportation Expenses-Clearing					250,272	(a)
6	50% Meals & Entertainment	1,274	1,13	84.645%		1,078	
7	**Total**					137,462,025	
8	***Subtract from Net Income Before Taxes:***						
9	Interest Expense					47,795,614	
10	RS Tax Return Depreciation	152,775,860	1,3	99.050%		151,324,302	
11	RS Tax Return Plant Amortization	868,742	1,3	99.050%		860,488	
12	RC Section 199 Domestic Production Activities					0	
13	**Total**					199,980,404	
14	**Net Taxable Income**					70,807,686	
15	**Provision for Federal Income Tax**						
16	Net Taxable Income					70,807,686	
17	Deduct Missouri Income Tax @ 100.0%					2,547,439	
18	Deduct City Income Tax					0	
19	Federal Taxable Income					68,260,247	
20	Federal Tax Before Tax Credits				21.00%	14,334,652	
21	Less Tax Credits:						
22	Research and Development Tax Credit	(92,123)	1,3	99.050%		(91,248)	
23	Alternate Refueling Property Tax Credit (Charging Stations)					0	
24	**Total Federal Tax**					14,243,404	
25	**Provision for Missouri Income Tax**						
26	Net Taxable Income					70,807,686	
27	Deduct Federal Income Tax @ 50 0%				10.50%	7,121,702	
28	Deduct City Income Tax					0	
29	Missouri Taxable Income					63,685,984	
30	**Total Missouri Tax**				4.00%	2,547,439	
31	**Provision for City Income Tax**						
32	Net Taxable Income					70,807,686	
33	Deduct Federal Income Tax					14,243,404	
34	Deduct Missouri Income Tax					2,547,439	
35	City Taxable Income					54,016,843	
36	**Total City Tax**					0	
37	**Summary of Provision for Current Income Tax**						
38	Federal Income Tax					14,243,404	
39	Missouri Income Tax					2,547,439	
40	City Income Tax					0	
41	**Total Provision for Current Income Tax**					16,790,843	
			Effective Tax Rate (Current, Deferred)			23 84%	
42	**Deferred Income Taxes**						
43	Deferred Income Taxes - Excess IRS Tax over Book D&A					3,877,165	
44	Amortization of Deferred ITC	(362)	1,1	100.000%		(362)	
45	Amort of Excess Deferred Income Taxes - Protected - ARAM	(4,381,741)	1,3	99.050%		(4,340,109)	
46	Amort of Excess Deferred Income Taxes - UnProtected - 10yr	(5,535,902)	1,3	99.050%		(5,483,304)	
47	Amort of Excess Deferred Income Taxes - NOL - ARAM	784,432	1,3	99.050%		776,979	
48	Amort of Excess Deferred Income Taxes - Misc - 10 yr	(857,193)	1,3	99.050%		(849,049)	
49	Amort of Excess Deferred Income Taxes - 4 yr	(9,024,059)	1,3	99.050%		(8,938,319)	
50	**Total Deferred Income Tax Expense**					(14,956,999)	
51	**Total Income Tax**					1,833,844	

(a) Percent of vehicle depr clearing to O&M 27.82%

Interest Expense Proof

Total Rate Base (Sch. 2)	2,484,954,467
X Wtd Cost of Debt	1.923%
Interest Exp	47,795,614

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Income Tax Calculation

Line No.	Line Description	Total Company GMO	Juris Factor #	Juris Allocation	Tax Rate	(ELEC-JURIS) Adjusted with 7.123% Return
			Less: Interest Expense from Line 7			47,795,614
					Difference	0
	Computation of Line 43 Above					
52	**Deferred Income Taxes - Excess IRS Tax over Book D&A:**					
53	IRS Tax Return Depreciation					151,324,302
54	Less: Book Depreciation					137 210 674
55	Excess IRS Tax Depr over Book Depr					14,113,627
56	IRS Tax Return Plant Amortization					860,488
57	Less: Book Amortization					0
58	Excess IRS Tax Amort over Book Amortization					860,488
59	Total Timing Differences					14,974,115
60	AFUDC Equity	396,034	1,3	99.050%		392,271
61	ITC Basis Adjustment - Solar	75,279	1,1	100.000%		75,279
62	Miscellaneous Flow Through	818,884	1,1	100.000%		818,884
63	Total Timing Differences after Flow Through					16,260,550
64	Effective Tax rate					23.84%
65	**Deferred Income Taxes - Excess IRS Tax over Book D&A**					3,877,165