

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

In the Matter of the Propriety of the Rate)
Schedules for Steam Service of KCP&L) File No. HR-2018-0231
Greater Missouri Operations Company)

**INITIAL RESPONSES OF
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

COME NOW KCP&L Greater Missouri Operations Company (“GMO” or the “Company”) and submits the following response to the Missouri Public Service Commission’s (“Commission”) *Order Opening Rate Case, Directing Notice, Establishing Time to Intervene, and Requiring Company to Show Cause Why Its Rates Should Not Be Adjusted* (“Order”), filed to open this docket on February 22, 2018, as follows:

- a. What is the appropriate avenue for effectuating change to utility rates as a result of the federal income tax reductions?

RESPONSE: A change in a utility’s general rates can only be accomplished in a rate case filed by the utility or in a complaint case. Both of these avenues fully examine the utility’s cost of service in setting rates.

- b. Is a different avenue appropriate for regulated corporations and Commission-regulated pass-through entities such as S Corporations, LLCs and partnerships?

RESPONSE: The Company does not have a position on this question.

- c. What is the appropriate mechanism(s) for effectuating change to utility rates as a result of the federal income tax reductions?

RESPONSE: See response to question (a) above.

- d. How does the change to the federal income tax affect pending rate cases? Can the change be considered in the pending rate cases?

RESPONSE: The Commission can make its determination of the impact of the new tax rates in a pending rate case.

e. Please calculate the first-year approximate annual Missouri jurisdictional change in cost of service for each utility that is projected to result from implementation of the *Tax Cuts and Job Acts of 2017* (all other things being equal) and provide supporting workpapers for this calculation.)

RESPONSE: See attached estimate in **Exhibit A.**

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorneys for KCP&L Greater Missouri
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CERTIFICATE OF SERVICE

I do hereby certify that on the 5th day of March 2018, I electronically filed via the Electronic Filing Information System (EFIS), a true and correct copy of the above and foregoing with a copy emailed to counsel for all parties of record.

/s/ Roger W. Steiner

**COUNSEL FOR KCP&L GREATER
MISSOURI OPERATIONS COMPANY**

Revenue Requirements - TAX REFORM Impact Summary GMO Steam

Nov 2017 Surveillance

	Before Tax Reform	After Tax Reform	Tax Reform Impact	
Net Taxable Income	791,243	791,243		
Deduct State Income Tax @ 100.0%	41,250	44,553		
Federal Taxable Income	749,993	746,690		
Federal Tax Rate	35%	21%		
Federal Tax Before Tax Credits	262,498	156,805		
Less Tax Credits:	0	0		
Total Federal Tax	262,498	156,805	(105,693)	(1)
Net Taxable Income	791,243	791,243		
Deduct Federal Income Tax @ 50.0%	131,249	78,402		
State Jurisdictional Taxable Income	659,994	712,841		
State Tax Rate	6.25%	6.25%		
Total State Tax	41,250	44,553	3,303	(2)
Net Income Available Change	1,131,724	1,234,111	(102,390)	
Total Rate Base (chg in ADIT)	29,167,235	29,167,235		
Rate of Return	8.01%	8.01%		
Return On	2,336,684	2,336,684	0	
Additional NOIBT Needed	1,204,960	1,102,573	(102,390)	
Tax Gross-Up	750,823	376,396	(374,426)	(3)
Gross Revenue Requirement Change - TAX Reform			(476,816)	

(1) Federal Tax Chg due to Federal Rate Chg from 35% to 21%

(2) State Tax Chg due to change in the amount of Federal Tax Deducted from the Federal Rate Chg

(3) Tax Gross-Up needed decreased due to changes 1 and 2