BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Revenue Effects)	
Upon Missouri Utilities of the Tax Cuts)	File No. AW-2018-0174
And Jobs Act of 2017)	

INITIAL RESPONSES OF KANSAS CITY POWER & LIGHT COMPANY AND KCP&L GREATER MISSOURI OPERATIONS COMPANY

COME NOW Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO")(collectively the "Company") and submit the following responses to *Staff's Motion to Solicit Input*, filed in this docket on December 27, 2017, 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: For KCP&L and GMO, the Commission can make its determination of the impact of the new tax rates in a pending rate case. The Company assumes that the issue will be addressed in the KCP&L and GMO rate cases (ER-2018-0145/0146) filed on January 30, 2018.

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 estimates¹ in **Exhibits A (KCP&L-MO) and B (GMO)**. These estimates were filed on January 30, 2018 in KCP&L's and GMO's rate cases. These estimates will be trued-up in the rate cases.

Respectfully submitted,

|s| Roger W. Steiner

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¹ The estimates do not include any changes to the cost of service for GMO's heating company. GMO estimates the impact to be approximately \$500,000 based on a high level review of surveillance data. GMO can provide a more detailed estimate at a later date.

CERTIFICATE OF SERVICE

I do hereby certify that on the 31st day of January 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 KANSAS CITY POWER & LIGHT COMPANY AND KCP&L GREATER MISSOURI OPERATIONS COMPANY

Revenue Requirements - TAX REFORM Impact Summary for KCPL-MO

	Before Tax Reform	After Tax Reform	Tax Reform Impact	
Net Taxable Income	137,706,034	137,437,705		
Deduct State Income Tax @ 100.0%	7,266,991	7,826,323		
Federal Taxable Income	130,439,043	129,611,382		
Federal Tax Rate	35%	21%		
Federal Tax Before Tax Credits	45,653,665	27,218,390		
Less Tax Credits:	(2,785,306)	(2,785,306)		
Total Federal Tax	42,868,359	24,433,084	(18,435,275)	(1)
Net Taxable Income	137,706,034	137,437,705		
Deduct Federal Income Tax @ 50.0%	21,434,180	12,216,542		
State Jurisdictional Taxable Income	116,271,854	125,221,163		
State Tax Rate	6.25%	6.25%		
Total State Tax	7,266,991	7,826,323	559,332	(2)
Deferred Income Tax Expense	7,242,986	2,449,517	(4,793,469)	(3)
Net Income Available Change		-	(22,669,413)	
Total Rate Base (chg in ADIT)	2,611,134,251	2,626,773,107		
Rate of Return Return On	7.45% 194,639,169	7.45% 195,804,921	1,165,752	(4)
Additional NOIBT Needed			(21,503,661)	
Tax Gross-Up	21,079,345	4,164,460	(16,914,885)	(5)
Gross Revenue Requirment Change - TAX	(Reform	_ =	(38,418,546)	

⁽³⁾ Deferred Tax Exp Chg due to Effective Tax Rate Chg from 38.39% to 25.45% and Amortiz of Excess Deferred Taxes:

Deferred Tax Exp - Eff Tax Ra	ate Change		(2,594,235)
ARAM	(231,554)	(9,099,962)	(8,868,408)
NOL (5 Yr Amortiz)	0	7,512,946	7,512,946
MISC (10 Yr Amortiz)	0	(843,773)	(843,773)
			(2,199,235)
		Total	(4,793,469)

⁽⁴⁾ Rate Base increased due to the decrease in property related ADIT and CWC Chg

⁽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

⁽⁵⁾ Tax Gross-Up needed decreased due to changes 1 through 4

Revenue Requirements - TAX REFORM Impact Summary GMO

	Before Tax Reform	After Tax Reform	Tax Reform Impact	
Net Taxable Income	115,960,918	116,026,399		
Deduct State Income Tax @ 100.0%	6,049,494	6,537,220		
Federal Taxable Income	109,911,424	109,489,179		
Federal Tax Rate	35%	21%		
Federal Tax Before Tax Credits	38,468,998	22,992,728		
Less Tax Credits:	(130,978)	(130,978)		
Total Federal Tax	38,338,020	22,861,750	(15,476,271)	(1)
Net Taxable Income	115,960,918	116,026,399		
Deduct Federal Income Tax @ 50.0%	19,169,010	11,430,875		
State Jurisdictional Taxable Income	96,791,908	104,595,525		
State Tax Rate	6.25%	6.25%		
Total State Tax	6,049,494	6,537,220	487,726	(2)
Deferred Income Tax Expense	1,683,109	1,184,313	(498,796)	(3)
Net Income Available Change		_	(15,487,341)	
Total Rate Base (chg in ADIT)	1,906,923,356	1,907,881,169		
Rate of Return	7.66% 146,156,141	7.66% 146,229,552	72 412	(4)
Return On	140, 130, 141	146,229,552	73,412	(4)
Additional NOIBT Needed			(15,413,929)	
Tax Gross-Up	18,627,804	4,913,614	(13,714,190)	(5)
Gross Revenue Requirment Change - TAX	Reform	=	(29,128,119)	

⁽³⁾ Deferred Tax Exp Chg due to Effective Tax Rate Chg from 38.39% to 25.45% and Amortiz of Excess Deferred Taxes:

Deferred Tax Exp - Eff Tax Ra	te Change		(683,817)
ARAM	(104,094)	(7,312,312)	(7,208,218)
NOL (5 Yr Amortiz)	0	8,963,789	8,963,789
MISC (10 Yr Amortiz)	0	(1,570,550)	(1,570,550)
		-	185,021
		Total	(498,796)

⁽⁴⁾ Rate Base increased due to the CWC Chg. Immaterial property related ADIT chg was not included

⁽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

⁽⁵⁾ Tax Gross-Up needed decreased due to changes 1 through 4