

1 MR. KEEVIL: Thank you, Judge. I would tender  
2 the witness for cross-examination.

3 JUDGE CLARK: Any cross-examination by Velvet?

4 MS. BELL: No, Your Honor.

5 JUDGE CLARK: Any cross-examination by Nucor?

6 MR. ELLINGER: No questions, Judge.

7 JUDGE CLARK: Any cross-examination by MECG?

8 MR. OPITZ: No, thank you, Judge.

9 JUDGE CLARK: Any cross-examination by Evergy?

10 MR. ZOBRIST: Just a couple of questions,  
11 Judge. My co-counsel is just saying is that the right  
12 order? Is Evergy up next?

13 JUDGE CLARK: I believe it is. That's what I  
14 have for Bolin.

15 MR. ZOBRIST: Thank you, Judge. Just a couple  
16 of questions, Ms. Bolin.

17 CROSS-EXAMINATION

18 BY MR. ZOBRIST:

19 Q. You were here in the hearing room when Ms.  
20 VanGerpen gave the opening statement on behalf of  
21 counsel of the Office of the Public Counsel presented  
22 the true cost determination with regard to taxes?

23 A. Yes, I was here.

24 Q. Were you in the hearing room yesterday when  
25 Melissa Hardesty, the Senior Director of Tax for Evergy,

1 testified?

2 A. Yes, I was here.

3 Q. And are your views generally aligned with  
4 those as Ms. Hardesty testified yesterday?

5 A. Yes, I'm in agreement with Ms. Hardesty's  
6 views on taxes.

7 Q. So am I correct then that in your view the  
8 Company does not receive any extra benefit by  
9 securitizing Winter Storm Uri costs?

10 A. That is correct.

11 Q. And am I correct that all costs recovered from  
12 customers as revenue through a securitization charge by  
13 either Evergy Missouri West or the special purpose  
14 entity will be taxed?

15 A. That is correct.

16 Q. And those taxes will need to be paid to the  
17 government; is that correct?

18 A. That is true.

19 Q. And that's similar to the position that you  
20 took in Exhibit 101, your surrebuttal testimony?

21 A. That is true.

22 MR. ZOBRIST: Thank you, Judge. That's all.

23 JUDGE CLARK: Any cross-examination from  
24 Public Counsel?

25 MS. VanGERPEN: Yes, Your Honor.

1 CROSS-EXAMINATION

2 BY MS. VanGERPEN:

3 Q. Good afternoon, Ms. Bolin.

4 A. Good afternoon.

5 Q. I believe you just said that you were in the  
6 room yesterday when Ms. Hardesty was testifying?

7 A. Yes, I was.

8 Q. So my first set of questions concern the tax  
9 implications at issue here. But before we get too much  
10 into the weeds, I want to take a minute to establish a  
11 very high level how securitization works. So my  
12 understanding, and I'll ask if you agree with this  
13 summary, to summarize the securitization process at a  
14 very general level, the Commission issues a financing  
15 order which creates a revenue stream, the utility then  
16 transfers the revenue stream to the SPE, the SPE issues  
17 the bonds backed by the revenue stream, the Company then  
18 collects the money that will ultimately be paid to the  
19 bondholders. Do you agree with that summary at a  
20 general level?

21 A. In a general level, yes.

22 Q. So Ms. Bolin, when money is collected from  
23 customers through the non-bypassable charge included on  
24 customers' bills, in order to repay the bondholders, is  
25 it Evergy Missouri West or the SPE who pays taxes on

1     **those revenues?**

2           A.     I believe it would be the SPE but it was in a  
3     consolidated tax return that will be paid by Evergy.

4           Q.     Okay. And to clarify, that is Evergy, the  
5     parent company of Evergy Missouri West?

6           A.     That is correct.

7           Q.     Thank you. So Ms. Bolin, to clarify, that is  
8     the SPE is the only entity to pay taxes on the revenues  
9     received through the non-bypassable charge?

10          A.     Evergy will be paying the taxes ultimately.

11          Q.     But the tax is only paid once; is that  
12     correct?

13          A.     That is correct.

14          Q.     Thank you. So now, Ms. Bolin, I'd like to  
15     turn to the Statute 393.1700, RSMo. Do you have a copy?

16          A.     Yes, I do. Give me one moment. Okay. I have  
17     it.

18          Q.     So let's start with the definition of  
19     Securitized Utility Tariff Charge in (16). Are you  
20     there?

21          A.     I am there.

22          Q.     The securitized utility tariff charge is the  
23     non-bypassable charge that will appear on customers'  
24     bills. Do you agree with me that that is a fair  
25     interpretation of the definition?

1 MR. KEEVIL: Judge, to the extent that she's  
2 asking Ms. Bolin to interpret statutory language, I'm  
3 going to object because Ms. Bolin is not an attorney or  
4 possess legal training to my knowledge.

5 JUDGE CLARK: I think Ms. Bolin can speak as  
6 to what the statute says.

7 THE WITNESS: The statute does say  
8 non-bypassable charges imposed on or part of all retail  
9 customer bills, collected by an electrical corporation  
10 or its successors.

11 JUDGE CLARK: Just to finish, that objection  
12 will be overruled.

13 MS. VanGERPEN: Thank you, Ms. Bolin.

14 BY MS. VanGERPEN:

15 Q. Now let's turn to the definition of Financing  
16 Costs in subsection (8) and more specifically subsection  
17 (d) of that definition. Are you there?

18 A. I am.

19 Q. You would agree that it is a fair  
20 interpretation of that subsection that financing costs  
21 include any taxes generated from the collection of the  
22 securitized utility tariff charge. Would you agree?

23 A. That is what it says.

24 Q. So you would agree with me that the taxes owed  
25 on the revenues to finance the bonds that are collected

1 through the non-bypassable charge are part of the  
2 financing costs; is that correct?

3 A. Per the definition of the statute, they are  
4 financing costs. However, nowhere in any of the  
5 calculations for financing costs in this case is there a  
6 line item for taxes. The taxes are included in the  
7 securitized amount.

8 Q. Ms. Bolin, could you repeat that one more  
9 time, please, just the last part.

10 A. The amount securitized, the fuel and purchased  
11 power, includes the taxes that will need to be paid.  
12 There's no line item separately listed in financing cost  
13 for taxes.

14 Q. Ms. Bolin, now I'd like to turn to your  
15 surrebuttal testimony and I believe that's been marked  
16 as Exhibit 101. Do you have a copy of that?

17 A. Yes, I do.

18 Q. Could you please turn to page 3.

19 A. I'm there.

20 Q. Starting at line 13, it says however,  
21 Mr. Riley's assertion on page 5, lines 15-18 that "taxes  
22 will be applied to the line item that ratepayers see on  
23 their monthly bill" is incorrect. If Evergy Missouri  
24 West's customers were to also be responsible for the  
25 taxes, the amount of taxes should be directly built into

1 the securitized amount. This is not how Evergy or Staff  
2 has calculated the securitized amount. Did I read that  
3 correctly?

4 A. You read that correctly. I think I was --

5 Q. Thank you, Ms. Bolin. That's all I asked.  
6 Ms. Bolin, to be clear, based on that statement, that  
7 last statement there, Staff has not calculated taxes in  
8 the securitized amount; is that correct?

9 A. The taxes are in the amount of the fuel and  
10 purchased power. The Company will pay taxes on that  
11 amount.

12 Q. Ms. Bolin, as I understand what you've just  
13 said, the fuel and purchased power amount identified  
14 does not relate solely to fuel and purchased power but  
15 also includes taxes. Did I understand that correctly?

16 A. Not exactly, and maybe I did not make myself  
17 clear on that. There is an amount of tax deduction the  
18 Company will get related to these Winter Storm Uri fuel  
19 and purchased costs. They have been recorded in a  
20 deferred tax asset. The Company will eventually return  
21 that money to the customers through the deferred tax  
22 asset but in the meantime the SPE while they collect the  
23 charges will be paying taxes on that amount. To do a  
24 tax deduction securitization and in the revenue  
25 requirement through the deferred taxed asset would be