

Exhibit No.: **KCP&L-31**
Issue: Property Taxes
Witness: Melissa K. Hardesty
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2010-0355
Date Testimony Prepared: January 5, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-0355

SURREBUTTAL TESTIMONY

OF

MELISSA K. HARDESTY

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
January 2011**

**KCP&L Exhibit No. KCP&L31
Date 2/14/11 Reporter LMB
File No. ER-2010-0355**

SURREBUTTAL TESTIMONY

OF

MELISSA K. HARDESTY

Case No. ER-2010-0355

1 **Q: Please state your name and business address.**

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

4 **Q: Are you the same Melissa K. Hardesty who prefiled rebuttal testimony in this**
5 **matter?**

6 A: Yes.

7 **Q: What is the purpose of your surrebuttal testimony?**

8 A: The purpose of my testimony is to rebut various Missouri Public Service Commission
9 (“MPSC” or “Commission”) Staff (“Staff”) witnesses on the following issues:

10 Property taxes: and

11 Advanced coal tax credit arbitration costs

12 **PROPERTY TAXES**

13 **Q: Does the Company agree with the method Staff has outlined for the final true-up of**
14 **property taxes in this Case?**

15 A: Karen Lyons has indicated in her rebuttal testimony (Executive Summary section, page 3,
16 lines 5, 6, and 7) that the staff intends to calculate property taxes by applying a ratio,
17 determined by dividing the 2010 property tax expense by the January 1, 2010 plant-in-
18 service balance, to the January, 1, 2011 plant-in-service balance to compute the property

1 tax expense for the final true-up in this case. Although this is not the method proposed
2 initially on the schedules filed by the Company, we would agree to this approach.

3 **ADVANCED COAL TAX CREDIT ARBITRATION COSTS**

4 **Q: Does the Company agree with the exclusion of the advanced coal tax credit**
5 **arbitration costs in cost of service in this case?**

6 A: On page 18 of his rebuttal testimony, Keith Majors has updated the amount of the
7 advanced coal tax credit arbitration costs that the Staff is recommending be excluded
8 from cost of service to \$456,647. The Company disagrees with the exclusion of these
9 costs from cost of service in this case. The arbitration was for the purpose of maximizing
10 the Company's advanced coal ITC. This advanced coal ITC is flowed back to the
11 ratepayers, much like the investment tax credits that have been flowed back in prior
12 years. Therefore, since KCP&L entered into the arbitration to maximize the benefit to
13 ratepayers, the costs incurred associated with the arbitration should be included in costs
14 recovered by the Company.

15 **Q: Does that conclude your testimony?**

16 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City)
Power & Light Company to Modify Its Tariffs to) Docket No. ER-2010-0355
Continue the Implementation of Its Regulatory Plan)

AFFIDAVIT OF MELISSA K. HARDESTY

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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

1. My name is Melissa K. Hardesty. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Senior Director, Tax.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Kansas City Power & Light Company consisting of two (2) 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 5th day of January, 2011.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2011

