Exhibit No.:	
Issue(s):	*Property Tax*
Witness:	*Nathan Bailey, CPA*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*True-Up Rebuttal Testimony*
Case No.:	*ER-2026-0143*
Date Testimony Prepared:	*September 23, 2026*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS SERVICES DIVISION

AUDITING DEPARTMENT

TRUE-UP REBUTTAL TESTIMONY

OF

NATHAN BAILEY, CPA

EVERGY METRO, INC. d/b/a Evergy MISSOURI METRO

CASE NO. ER-2026-0143

Jefferson City, Missouri
September 2026

TABLE OF CONTENTS OF

TRUE-UP REBUTTAL TESTIMONY OF

NATHAN BAILEY, CPA

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

TRUE-UP REBUTTAL TESTIMONY

OF

NATHAN BAILEY, CPA

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

Q. Please state your name and business address.

A. My name is Nathan Bailey. My business address is Fletcher Daniels State Office building, Room 201, 615 East 13th Street, Kansas City, Missouri 64106.

Q. Are you the same Nathan Bailey who filed revenue requirement direct, rebuttal and true-up/surrebuttal testimonies in this case?

A. Yes.

<u>EXECUTIVE SUMMARY</u>

Q. What is the purpose of your true-up rebuttal testimony?

A. My true-up rebuttal testimony will respond to Evergy Missouri Metro's ("EMM") true-up direct testimony from EMM Witness Melissa K. Hardesty regarding property taxes.

<u>PROPERTY TAX EXPENSE</u>

Q. How did EMM treat property tax expense and the deferred property tax balance in its true-up filing?

A. Witness Hardesty's true-up direct testimony explains that EMM updated its proposed property tax expense for 2025 actuals and updated the property tax tracker balance to include deferred amounts since August 2022. Witness Hardesty states the updates were necessary since estimates were used to support the proposed revenue requirement at the time EMM filed its direct case.[1]

Q. Does Staff agree with EMM's proposed deferral balance, as of June 30, 2026, associated with the property tax tracker?

A. No. EMM projects 2026 property taxes that it will pay in December 2026 based upon historical costs. This projection includes six months of 2026 (January 2026-June 2026) in its proposed property tax deferral balance. This is not consistent with property tax tracking legislation Section 393.400, RSMo which states:

> Electrical corporations, gas corporations, sewer corporations, and water corporations shall defer to a regulatory asset or liability account any difference in state or local property tax expenses **actually incurred**, and those on which the revenue requirement used to set rates in the corporation's most recently completed general rate proceeding was based. The regulatory asset or liability account balances shall be included in the revenue requirement used to set rates through an amortization over a reasonable period of time in such corporation's subsequent general rate proceedings. (emphasis added)

Q. Is the property tax tracker at issue in this case intended to track projected costs?

A. No. The property tax tracker is intended to track actual costs incurred by a utility. Any over-recovery or under-recovery of the amount in rates compared to the actual property tax paid by the utility is then recorded in a regulatory asset or regulatory liability

[1] *True-Up direct of Melisa K. Hardesty*, ER-2026-0143, page 4, line 2-5.

account and would be eligible to be included in the utility's rates set in its next general rate proceeding through an amortization to expense in accordance with the statute.

Q. Is the amount of EMM's 2026 property taxes known as of the true-up period in this case, June 30, 2026?

A. No. EMM is projecting and including in the property tax tracker $40,877,879[2] of 2026 property taxes that will not be paid until December 2026. EMM has not incurred an actual 2026 property tax cash expense through June 2026. These amounts will not be known until after completion of this case in late 2026.

For example, Staff identified through EMM's response to Staff Data Request ("DR") 85 in this case that Miami County, Kansas, dated its 2025 tax statements to EMM November 7, 2025. Clay County, Missouri, dated its 2025 tax statements October 22, 2025. Together, these two counties alone comprise more than 11% of total actual 2025 taxes incurred and included in this case. Additionally, there are 37 total counties to which EMM paid property taxes in 2025. EMM has not provided 2026 statements as of the writing of this testimony to Staff or included such actuals in its true-up direct working papers because there are none. Until actuals for every county are obtained, an actual 2026 taxable amount cannot be determined.

Q. Did Staff include projections in its recommended property tax deferral balance as of June 30, 2026?

[2] 6 months Missouri jurisdictional property taxes per EMM submitted preliminary true-up workpaper RB-126

A. No. Staff deferred only amounts known and measurable and actually paid through the true-up date June 30, 2026, including company collections and any 2025 tax year cash payments made before the cutoff in 2026. The total deferral for amounts tracked from January 9, 2023[3] through June 30, 2026, is $6,516,496 in rate base amortized over four years. This number has been updated since my true-up direct testimony.

Q. Since Staff is excluding 2026 property tax estimated expenses, does that mean EMM will not recover these costs at some point in the future?

A. No. The under-recovery or over-recovery of 2026 property taxes incurred by EMM will be addressed in a future rate case. This is consistent with property tax tracking legislation Section 393.400, RSMo which states:

> The commission shall also adjust the rate base used to establish the revenue requirement of such corporation to reflect the unamortized regulatory asset or liability account balances in such general rate proceedings. Such expenditures deferred under the provisions of this section are subject to commission prudence review in the **next general rate proceeding** after deferral. (emphasis added)

Q. What amounts of deferrals are EMM and Staff requesting for the property tax tracker specifically for the first six months of 2026 through June 30?

A. EMM is requesting $6,634,698 which would be included in rate base and amortized over four years. This amount represents the difference between the base amount of property taxes set in the 2022 Rate Case and the prorated amount projected to be paid by EMM through December 31, 2026.

[3] January 9, 2023, is the effective date of rates for the most recent EMM Case No. ER-2022-0129.

Using Staff's methodology, the amount in base rates for property taxes is compared to the amount paid by EMM through 2026 for 2026 property taxes, which is $0 as these taxes are not due until December 31, 2026. Staff's property tax tracker amount for January 1-June 30, 2026, is $(14,422,643) which represents the difference between the base level of property taxes in rates and the amount paid[4] for 2026 property taxes, which is $0. Through the present date, EMM has not received a bill for 2026 taxes. In a future rate case, the amount of 2026 property taxes paid and the amount included in customer rates in the period July 1, 2026 through the cutoff date in that case would be included in the tracker balance.

Q. Would you describe this difference as a timing issue due to the unique nature of property tax payments?

A. Yes. Whatever excess or shortfall of property taxes paid over the base level will eventually be included in the tracker and recovered by EMM.

Q. Does this conclude your true-up rebuttal testimony?

A. Yes it does.

[4] EMM paid ½ of the 2025 Kansas property taxes in 2026, which is paid in arrears. This amount is not disputed by Staff and is included in the property tax tracker balance.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2026-0143

AFFIDAVIT OF NATHAN BAILEY, CPA

STATE OF MISSOURI)
) ss.
COUNTY OF Jackson)

COMES NOW NATHAN BAILEY, CPA and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *True-Up Rebuttal Testimony of Nathan Bailey, CPA*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Nathan Bailey

NATHAN BAILEY, CPA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in 615 E. 13th St. KCMO 64106, on this 16th day of September 2026.

Anita D. Curry

Notary Public

ANITA D. CURRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: October 28, 2028
Commission Number: 99424858