Exhibit No.:	
Issue:	Income Taxes
Witness:	Melissa K. Hardesty
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	ER-2012-0174
Date Testimony Prepared:	February 27, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0174

DIRECT TESTIMONY

OF

MELISSA K. HARDESTY

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
February 2012

DIRECT TESTIMONY

OF

MELISSA K. HARDESTY

Case No. ER-2012-0174

Q: Please state your name and business address.

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

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L" or the "Company") as Senior Director of Taxes.

Q: What are your responsibilities?

A: My responsibilities include management of KCP&L's taxes, including income, property, sales and use, and transactional taxes.

Q: Please describe your education, experience, and employment history.

A: I graduated from the University of Kansas in 1996 with a Bachelor of Science in Accounting. I am a Certified Public Accountant with a permit to practice in the State of Kansas. After completion of my degree, I worked at the public accounting firm Marks, Stallings & Campbell, P.A. as a staff accountant from 1996 to 1999. In 1999, I went to work for Sprint Corporation as a Tax Specialist in the company's federal income tax department. I held various positions at Sprint from 1999 to 2006. When I left Sprint to join KCP&L in December 2006, I was Manager of Income Taxes for Sprint's Wireless Division. I joined KCP&L as the Director of Taxes and was subsequently promoted to my current position of Senior Director of Taxes for KCP&L in May of 2009.

Q: Have you previously testified in a proceeding at the Missouri Public Service Commission ("MPSC" or the "Commission") or before any other utility regulatory agency?

A: Yes. I have testified before the MPSC.

Q: What is the purpose of your testimony?

A: The purpose of this testimony is to support the income tax related accounting adjustments RB-125 and CS-125, included in Schedules JPW-2 and JPW-4, respectively, attached to the Direct Testimony of Company witness John P. Weisensee.

Q: Please explain RB-125.

A: We adjusted September 30, 2011 Accumulated Deferred Income Taxes ("ADIT") in adjustment RB-125. Deferred income taxes represent the tax on timing differences for deductions and income reported on KCP&L's income tax returns compared to what is reported for book purposes. ADIT represents the accumulated balance of these income tax timing differences at a point in time.

Q: What are the ADIT adjustments to KCP&L's rate base?

A: Schedule MKH-1 itemizes ADIT and the RB-125 ADIT adjustments related to items included in KCP&L's rate base or net operating income. This schedule reflects the deferred tax liabilities relating to depreciation and other expenses deducted for the tax return in excess of book deductions (including bonus depreciation), resulting in a rate base decrease. Schedule MKH-1 also reflects deferred tax assets that serve to increase rate base. The most significant of the deferred tax assets is the net operating losses. For tax purposes, the deductions for accelerated depreciation (including 100% bonus depreciation) created a net operating loss for KCP&L for 2011. Under the Internal

Revenue Service ("IRS") normalization rules, deferred tax liabilities that have not been used to reduce the tax liability of the company should not be included as a rate base reduction. The inclusion of the deferred tax assets related to net operating losses created by accelerated depreciation deductions partially offsets the deferred tax liabilities for accelerated depreciation deduction in order to reflect the proper amount of deferred taxes in rate base for the Company.

Q: Why does ADIT affect rate base?

A: ADIT liabilities such as accelerated depreciation are considered a cost-free source of financing for ratemaking purposes. Ratepayers should not be required to provide for a return on plant in service that has been funded by the government in the form of reduced (albeit temporarily) taxes. As a result, ADIT liabilities are reflected as a rate base offset (reduction in rate base). Conversely, ADIT assets such as the timing difference related to SO_2 allowance proceeds and net operating losses increase rate base. KCP&L has paid taxes to the government in advance of the time when such taxes are included in cost of service and collected from ratepayers. To the extent taxes are paid, KCP&L must borrow money and/or use shareholder funds. The increase to rate base for deferred income tax assets allows shareholders to earn a return on shareholder-provided funds until recovered from ratepayers through ratemaking.

Q: What time period was used for ADIT in this case?

A: ADIT is based on September 30, 2011 general ledger balances, with the plant-related ADIT balances adjusted for projected plant activity through August 31, 2012.

Q: Please explain adjustment CS-125.

A: We adjusted test period income tax expense based on various adjustments to test year taxable income. The adjusted income tax calculation is shown on Schedule MKH-2. The income tax adjustment includes current income taxes, deferred income taxes, and the amortization of investment tax credits and certain other amortizations.

Q: Please explain the current income tax component in cost of service as calculated in Schedule MKH-2

A: Jurisdictional operations and maintenance deductions and other adjustments are applied against jurisdictional revenues to derive net jurisdictional taxable income, which is then used to compute the jurisdictional current income tax expense component (current provision) for cost of service. For book purposes, these adjustments are the result of book versus tax differences and their implementation under normalization or flow-through tax methods. Each adjustment is either added to or subtracted from net income to derive net taxable income for ratemaking. For Schedule MKH-2, however, a simplified methodology is used that eliminates the need to specifically identify all book and tax differences. Most significantly, all basis differences between the book basis and tax basis of assets are ignored in the current tax provision. The reversal of deferred income taxes resulting from prior basis differences is considered in the deferred tax section of this schedule and is discussed below.

Accelerated tax depreciation is used in the currently payable calculation based on the tax basis of projected Plant in Service as identified in adjustment RB-20 (discussed by Company witness John P. Weisensee in his Direct Testimony). The difference between the accelerated depreciation deduction for tax depreciation on tax basis assets and the depreciation deduction calculated on a straight-line basis generates offsetting deferred income tax. The resulting income tax expense, considering both the current and deferred income tax components, reflects a level of total income taxes as if the depreciation deduction to arrive at taxable income was based solely on depreciation of projected tax basis assets calculated on a straight-line basis. This modified approach normalizes depreciation relating to the method differences (*e.g.*, accelerated versus straight-line) and life differences. The Company and the MPSC Staff have used this modified approach in previous rate cases.

Q: Please describe the adjustments to derive net taxable income for ratemaking.

A: The following are the primary adjustments to derive net taxable income for ratemaking purposes:

- Book depreciation and amortization expense (adjustments CS-120 through CS-121, discussed by Mr. Weisensee in his Direct Testimony), have been excluded from the deductions listed on Schedule MKH-2. As previously discussed, accelerated tax depreciation on both projected depreciable plant and projected amortizable plant is subtracted to derive taxable income.
- The deduction for nuclear fuel amortization is treated consistently with the treatment of depreciation and amortization on Plant in Service.
- A portion of Meals and Entertainment expense is added back in deriving net taxable income, since a portion of certain meals and entertainment expenses is not tax deductible. This adjustment increases taxable income and ultimately increases the current income tax provision. The amount by which taxable income was increased is equal to the amount for the 2010 federal income tax return.

- Interest expense is subtracted to derive net taxable income. It is calculated by multiplying the adjusted rate base by the weighted average cost of debt as recommended in this proceeding. This is referred to as "interest synchronization" because this calculation ensures that the interest expense deducted for deriving current taxable income equals the interest expense provided for in rates.
- The Manufacturer's Deduction amount is deducted from net income in deriving taxable income. This special deduction is allowable under Internal Revenue Code ("IRC"), Section 199. The deduction is based upon taxable income derived from the production of electricity. For 2011 and 2012, the deduction was 9% of electricity production taxable income. The deduction has not been adjusted to conform to Missouri jurisdictional taxable income. This deduction is not an expense for book purposes; therefore, no deferred income taxes are created. The amount of the projected deduction on Schedule MKH-2 is based upon amount deducted under IRC Section 199 for the 2010 federal income tax return. Bonus depreciation legislation has significantly lowered the electricity production taxable income for tax years 2010, 2011 and 2012. Therefore, the Company does not expect to have electricity production taxable income or a Sec 199 deduction for 2010, 2011, or 2012.

Q: Once the deductions and adjustments have been applied to net income to derive taxable income for ratemaking, what further deductions from taxable income are applied before calculating the three components of current income tax expense: City of Kansas City, Missouri ("KCMO") earnings tax, federal current income tax expense, and Missouri state current income tax expense?

A: There are no further deductions from taxable income before calculating KCMO earnings taxes. Before calculating federal income taxes, both KCMO earnings taxes and Missouri state income taxes are deducted. Before calculating Missouri state income taxes, KCMO earnings taxes and one-half of federal income taxes are deducted.

Q: How are the current income tax components calculated?

A: The current provision calculation utilizes a 0.65% KCMO earnings tax rate, a 35% federal tax rate, and a 6.25% Missouri state tax rate, each of which is applied independently to the appropriate level of taxable income as discussed above. The KCMO earnings tax rate is a weighted rate based on a 1% earnings tax rate applied to 65% of Missouri jurisdictional net income. These earnings taxes are calculated first. Because of their mutual deductibility, federal and state income taxes are then calculated using a simultaneous equation. The federal and state income tax rates are used to compute the composite tax rate of 38.39% which is used to calculate deferred income taxes, discussed below. The composite tax rate reflects the federal benefit relating to deductible Missouri state income tax and the Missouri benefit of deducting 50% of federal income taxes when computing the current Missouri tax provision.

Q: Is the current federal tax expense, determined by multiplying current taxable income by the federal income tax rate, further reduced by tax credits?

A: Yes, the wind production tax credit and research and development ("R&D") tax credits reduce the current federal income tax due.

Q: Please explain the wind production tax credit on Schedule MKH-2.

A: Internal Revenue Code ("IRC") Section 45 allows for a federal tax credit based on the amount of electricity produced by a qualifying wind generating facility. The credit is allowed for ten years after the facility is placed in service. The adjustment shown on this schedule as a direct reduction of the federal currently payable income tax expense reflects the estimated production tax credits for KCP&L's wind generation facilities for the twelve months that ended August 31, 2012. This adjustment uses the presently allowable $22 per megawatt hour of generation multiplied by the annualized amount of estimated megawatt hours of wind generation to determine the amount of credit.

Q: Please explain the R&D tax credit on Schedule MKH-2.

A: IRC Section 41 allows for a federal tax credit based on the amount of qualified research expenses incurred. The adjustment shown on this schedule as a direct reduction of the federal currently payable income tax expense reflects the estimated R&D tax credit for KCP&L's operations for twelve months that ended August 31, 2012. Current tax law allows R&D tax credits only through the 2011 tax year. However, Congress has a history of extending the period for the credit during years that the credit has expired and providing a retroactive effective date for the extension to the beginning of the tax year. At this time, the Company expects the credit to be reinstated for the 2012 tax year.

Q: Please explain the deferred income tax component of cost of service as calculated in Schedule MKH-2.

A: The deferred income tax component of cost of service is primarily the result of applying the composite income tax rate (38.39%) to the difference between projected accelerated tax depreciation used to compute current income tax, as discussed earlier in this testimony, and projected tax basis straight-line depreciation. Tax basis straight-line depreciation is computed by multiplying tax depreciation by the ratio of the tax basis of depreciable plant to the book basis of depreciable plant.

Deferred income tax expense also includes the reversal of deferred income taxes on basis timing differences over the related assets' jurisdictional book lives. These basis difference adjustments serve to normalize the tax effect of items that generally are deducted for tax purposes and capitalized for book purposes.

The other main deferred tax item is the average rate assumption method of deferred tax amortization. This adjustment represents the amortization of excess deferred income taxes over the remaining book lives. It reduces the income tax component of cost of service. During the 1980s, the federal tax rate was higher than today's 35% rate. Since deferred taxes were provided at the rate in effect when the originating timing differences were generated, the deferred income taxes were provided at a rate higher than the tax rate that is expected to be in existence when the timing differences reverse and the taxes are due to the government. This difference in rates is being amortized into cost of service over the remaining book lives of the assets that generated the timing differences.

Q: Please explain the investment tax credit ("ITC") amortization component in cost of service as calculated in Schedule MKH-2.

A: ITC amortization reduces the income tax component of cost of service. ITC is amortized ratably over the remaining book lives of the underlying assets.

Q: Does the ITC amortization include an adjustment to reallocate a portion of Iatan Unit 2 ITC to KCP&L Greater Missouri Operations Company?

A: No. Company witness Salvatore P. Montalbano, tax partner with Pricewaterhouse Coopers, discusses Iatan Unit 2 ITC in his Direct Testimony.

Q: Are there any other income tax amortizations that affect jurisdictional income tax cost of service?

A: Yes, there are two additional amortizations, relating to pre-1981 cost of removal and R&D tax credits, both of which were addressed in the Stipulation and Agreement As to Certain Issues in Case No. ER-2007-0291 ("2007 Case"), approved by the Commission on December 6, 2007 ("2007 S&A").

Q: Please discuss the cost of removal amortization.

A: In accordance with the 2007 S&A, the Company adopted normalization accounting for the tax timing difference associated with the pre-1981 vintage cost of removal and began amortization of the cumulative income tax impact for the excess of KCP&L's actual cost of removal over the accrued cost included in book depreciation in prior years, over a 20 year period beginning January 1, 2008 ($7,088,760, Missouri jurisdictional). As a result, the Company's annual deferred income tax expense increased by $354,438 and this amortization is included as an increase in income tax expense on Schedule MKH-2.

Q: Please discuss the R&D tax credit amortization.

A: The 2007 S&A required the Company to amortize R&D tax credits related to the 2000 through 2005 tax years over 60 months beginning with the first rate case after tax refunds based on the credits were received from IRS. The Company entered into a settlement agreement with the IRS whereby KCP&L received the tax refunds in 2008 and amortization began with the new rates effective September 1, 2009. Therefore, we have included an annualization on Schedule MKH-2 of $194,111 as a direct reduction of federal deferred income tax expense for the amortization of R&D tax credits for the 2000 through 2005 tax years.

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

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	)))	Case No. ER-2012-0174

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 of Taxes.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of eleven (11) 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 27th day of February, 2012.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2015

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2015
Commission Number: 11391200

Kansas City Power & Light Company
2012 RATE CASE - Direct Filing
Missouri Jurisdiction
TY 9/30/11; Update TBD; K&M 8/31/12

Accumulated Deferred Income Tax Reserves

LINE NO.	Account No.	Line Description	Test Year Update True Up	Rate Case Adj	Adjusted Balance	Juris Factor #	Juris Allocator	Juris Adjusted Balance
	A	B	C	D	E	F	G	H
1	190	**ACCT 190 ACCUM DEFERRED TAX**						
2		Misc	(64,106)	840	(63,266)	PTD	54.0987%	(34,226)
3		Net Operating Loss	(46,678,761)	(28,674,181)	(75,352,942)	PTD	54.0987%	(40,764,926)
4		Vacation & Other Salaries & Wages Alloc	(10,941,052)	2,962,204	(7,978,848)	Sal&Wg	53.7652%	(4,289,846)
5		Advertising	0	0	0	100% MO	100.0000%	0
6		Nuclear Fuel	0	0	0	E1	56.8939%	0
7		**TOTAL ACCT 190**	(57,683,919)	(25,711,137)	(83,395,056)			(45,088,998)
8								
9	281	**ACCELERATED AMORTIZATION**	0	0	0	D1	53.5000%	0
10								
11	282	**LIBERALIZED DEPRECIATION**						
12		Method/Life Depreciation - Non Wolf Creek	531,780,856	136,103,911	667,884,767	D1	53.5000%	357,318,350
13		Method/Life Depreciation - Wolf Creek	157,609,962	(2,301,605)	155,308,357	D1	53.5000%	83,089,971
14		Nuclear Fuel	24,247	(927,165)	(902,918)	E1	56.8939%	(513,705)
15		Other DIT Adj for Post Aug 2012 Method/Life	0	(12,915,446)	(12,915,446)	D1	53.5000%	(6,909,764)
16		Other DIT Adj - KS Only	0	0	0	100% KS	0.0000%	0
17		Other DIT Adj - MO Only (Add'l Amort Maintain Credit Ratio)	(56,932,233)	612,617	(56,319,616)	100% MO	100.0000%	(56,319,616)
18		**TOTAL LIBERALIZED DEPRECIATION**	632,482,832	120,572,312	753,055,144			376,665,236
19								
20		**ACCUM DIT ON BASIS DIFFERENCES**						
21		Gross AFUDC - Wolf Creek Construction	20,911,964	(1,765,679)	19,146,285	100% MO	100.0000%	19,146,285
22		AFUDC Debt/Cap Int - W/O Fuel & Wolf Creek Constr	(12,304,293)	25,757	(12,278,536)	D1	53.5000%	(6,569,017)
23		AFUDC Debt - Nuclear Fuel	0	0	0	E1	56.8939%	0
24		Contributions in Aid of Construction	(22,102,732)	(157,949)	(22,260,681)	D1	53.5000%	(11,909,464)
25		Repait Allowance	47,846,448	3,925,243	51,771,691	D1	53.5000%	27,697,855
26		Repair Expense - Wolf Creek	21,724,971	8,158,659	29,883,630	D1	53.5000%	15,987,742
27		Repair Expense - Production	100,586,850	6,866,822	107,453,672	D1	53.5000%	57,487,715
28		Pensions Capitalized - Assigned	518,373	154,924	673,297	100% MO	100.0000%	673,297
29		Pensions Capitalized - Allocated	0	0	0	D1	53.5000%	0
30		Payroll Tax Capitalized - Assigned	414,478	116,252	530,730	100% MO	100.0000%	530,730
31		Payroll Tax Capitalized - Allocated	0	0	0	D1	53.5000%	0

Kansas City Power & Light Company
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Accumulated Deferred Income Tax Reserves

LINE NO.	Account No.	Line Description	Test Year Update True Up	Rate Case Adj	Adjusted Balance	Juris Factor #	Juris Allocator	Juris Adjusted Balance
	A	B	C	D	E	F	G	H
32		Prop Tax Capitalized - Assigned - Wolf Creek	0	0	0	100% MO	100.0000%	0
33		Prop Tax Capitalized - Assigned	2,505,741	(583,943)	1,921,798	100% MO	100.0000%	1,921,798
34		Prop Tax Capitalized - Allocated - Wolf Creek	0	0	0	D1	53.5000%	0
35		Prop Tax Capitalized - Allocated	47,925	1,417,711	1,465,636	D1	53.5000%	784,115
36		Health & Welfare Capitalized	284,046	53,122	337,168	D1	53.5000%	180,385
37		MSC0140 - Strategic Initiative Capitalized	237,248	(3,110)	234,138	100% MO	100.0000%	234,138
38		Other Miscellaneous	45,071,416	(3,084,150)	41,987,266	D1	53.5000%	22,463,187
39		**TOTAL ACCUM DIT ON BASIS DIFFERENCES**	205,742,435	15,123,659	220,866,094			128,628,765
40								
41		**TOTAL ACCT 282**	838,225,267	135,695,971	973,921,238			505,294,002
42								
43	283	**MISC DEFERRED INCOME TAX (RATEBASE ITEMS)**						
44		Prior Years Depr ADJ & Other Total Plant	(11,376,373)	149,150	(11,227,223)	D1	53.5000%	(6,006,564)
45		SO2 Emissions & Other E1 Alloc	12,447,372	(163,192)	12,284,180	E1	56.8939%	6,988,949
46		Postretirement Benefits & Other Salaries & Wages	(27,806,094)	39,630,620	11,824,526	Sal&Wg	53.7652%	6,357,483
47		Customer Demand Prog & Other 100% MO	17,891,558	(234,568)	17,656,990	100% MO	100.0000%	17,656,990
48		Customer Demand Prog & Other 100% KS	9,745,310	(9,745,310)	0	100% KS	0.0000%	0
49		**TOTAL ACCT 283**	901,773	29,636,700	30,538,473			24,996,858
50								
51		**TOTAL ACCUMULATED DEFERRED TAXES**	781,443,121	139,621,534	921,064,655			485,201,862

Kansas City Power & Light Company
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Income Tax - Schedule 11

Line No.	Line Description	Total Company Balance	Juris Factor #	Juris Allocator *	Tax Rate	(Jurisdictional) Adjusted with 8.596% Return
	A				B	C
1	Net Income Before Taxes (Sch 9)	307,364,565				144,572,268
2	*Add to Net Income Before Taxes:*					
3	Depreciation Exp	183,766,549				98,902,485
4	Plant Amortization Exp	17,881,648				9,673,731
5	Book Nuclear Fuel Amortization	31,573,000				17,963,111
6	Transp & Unit Train Depr-Clearing (a)	2,468,921				1,331,721
7	50% Meals & Entertainment	976,481	Sal&Wg	53.7652%		525,007
8	**Total**	236,666,599				128,396,055
9	*Subtract from Net Income Before Taxes:*					
10	Interest Expense	127,722,840				66,303,404
11	IRS Tax Return Depreciation	275,731,806	PTD	54.0987%		149,167,191
12	IRS Tax Return Plant Amortization	5,181,841	PTD	54.0987%		2,803,306
13	IRS Tax Return Nuclear Amortization	17,469,014	E1	56.8939%		9,938,803
14	IRC Section 199 Domestic Production Activities	0	D1	53.5000%		0
15	**Total**	426,105,501				228,212,705
16	**Net Taxable Income**	117,925,664				44,755,618
17	**Provision for Federal Income Tax:**					
18	Net Taxable Income	117,925,664				44,755,618
19	Deduct State Income Tax @ 100.0%	6,584,766			6.25%	2,580,242
20	Deduct City Income Tax	766,517				290,912
21	Federal Taxable Income	110,574,381				41,884,465
22	Federal Tax Before Tax Credits	38,701,033			35.00%	14,659,563
23	Less Tax Credits:					
24	Wind	(12,926,056)	E1	56.8939%		(7,354,137)
25	Research and Development	(636,171)	E1	56.8939%		(361,942)
26	**Total Federal Tax**	25,138,806				6,943,483
27	**Provision for State Income Tax:**					
28	Net Taxable Income	117,925,664				44,755,618
29	Deduct Federal Income Tax @ 50.0%	12,569,403			17.50%	3,471,742
30	Deduct City Income Tax	766,517				290,912
31	State Jurisdictional Taxable Income	105,356,261				41,283,877
32	**Total State Tax**	6,584,766			6.25%	2,580,242
33	**Provision for City Income Tax:**					
34	Net Taxable Income	117,925,664				44,755,618
35	**Total City Tax**	766,517			0.65%	290,912
36	**Effective Tax rate before Tax Cr and Earnings Tax**	38.39%				38.39%
37	**Summary of Provision for Income Tax:**					
38	Federal Income Tax	25,138,806				6,943,483
39	State Income Tax	6,584,766				2,580,242
40	City Income Tax	766,517				290,912
41	**Total Provision for Current Income Tax**	32,490,089				9,814,637
42	**Deferred Income Taxes:**					
43	Deferred Income Taxes - Excess IRS Tax over Tax SL	40,372,592	See Computation Below			22,224,609
44	Amortization of Deferred ITC	(1,368,924)	PTD	54.0987%		(740,569)
45	Amort of Excess Deferred Income Taxes (ARAM)	(686,490)	PTD	54.0987%		(371,382)
46	Amort. of Prior Deferred taxes - Turnaround of Book/Tax Basis Differences	(8,315,965)	PTD	54.0987%		(4,498,825)
47	Amortization of R&D Credits	(194,111)	100% MO	100.0000%		(194,111)
48	Amortization of Cost of Removal-ER-2007-0291	354,438	100% MO	100.0000%		354,438
49	**Total Deferred Income Tax Expense**	30,161,540				16,774,160

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Income Tax - Schedule 11

Line No.	Line Description	Total Company Balance	Juris Factor #	Juris Allocator *	Tax Rate	(Jurisdictional) Adjusted with 8.596% Return
50	**Total Income Tax**	62,651,629				26,588,797
51	Effective Income Tax Rate - MO jurisdiction	0.383886255				0.383886255
52	(a) Percent of vehicle depr clearing to O&M				54.870%	

Interest Expense Proof:

Total Rate Base	2,129,956,114
X Wtd Cost of Debt	3.113%
Interest Exp @ 12/31/07	66,303,404
Less: Interest Expense from Line 7	66,303,404
Difference	0

* As Needed