

Exhibit No.:
Issue: Property Tax Expense
Witness: Melissa K. Hardesty
Type of Exhibit: True-Up Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2016-0285
Date Testimony Prepared: March 10, 2017

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0285

TRUE-UP REBUTTAL TESTIMONY

OF

MELISSA K. HARDESTY

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
March 2017**

KCP&L Exhibit No. 172
Date 3-16-17 Reporter XF
File No. ER-2016-0285

TRUE-UP REBUTTAL TESTIMONY

OF

MELISSA K. HARDESTY

Case No. ER-2016-0285

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 pre-filed Rebuttal and Surrebuttal**
5 **Testimony in this matter?**

6 A: Yes, I am.

7 **Q: What is the purpose of your True-Up Rebuttal Testimony?**

8 A: The purpose of my testimony is to discuss the property tax adjustment for the true-up
9 period previously proposed in the rebuttal testimony of the Missouri Public Service
10 Commission ("MPSC"), Staff ("Staff") Karen Lyons (page 26, lines 20-25) and agreed to
11 by the Company.

12 **Q: What is the tax related adjustments proposed by Ms. Lyons?**

13 A: Ms. Lyons proposed to adjust the property tax expense in this case for the true-up period
14 to an amount computed by determining a ratio of property tax payments for 2016 divided
15 by taxable property owned by KCP&L at December 31, 2015 (which is the effective date
16 for January 1, 2016 tax filings) and then multiplying it times the taxable property at
17 December 31, 2016 (which is the effective date for January 1, 2017 tax filings) to
18 compute the estimated property taxes for the true-up period. Then she added the

1 contractual payments in lieu of taxes (PILOT) applicable to non-taxable property to
2 compute total annualized property tax expenses in this case.

3 **Q: Is this method consistent with how property taxes were computed in prior KCP&L**
4 **rate cases?**

5 A: Yes. This is the method used in prior rate cases for KCP&L to reflect taxes incurred and
6 plant balances placed in service during the true-up period.

7 **Q: Does the Company agree with the Staff's method of adjusting property tax**
8 **expenses.**

9 A: Yes. The Company agrees with the Staff's method of adjusting property tax expense.
10 The application of the most current tax ratio and plant-in-service balances in the true up
11 period will ensure that all actual plant additions and actual property tax rates as of
12 December 31, 2016 will be used to compute the annualized level of property tax expense.
13 The plant-in-service balance and the tax ratio are clearly known and measurable at year
14 end.

15 Use of any other property tax expense adjustment method would fail to recognize
16 the additions of plant placed in service from January 1, 2016 to December 31, 2016.
17 These assets are included in the true-up period in this case and the Company should also
18 be allowed to recognize an increase in property tax expense related to these additions.

19 Therefore, KCP&L believes that the ratio method proposed in testimony by Staff
20 witness Karen Lyons and agreed to by the Company is appropriate and should be used to
21 compute the annualized property tax expense in this case.

22 **Q: Does that conclude your True-Up Rebuttal Testimony?**

23 A: Yes, it does.

