

Exhibit No. 36

Exhibit No.:
Issue: Income Tax
Witness: Melissa K. Hardesty
Type of Exhibit: True-Up Rebuttal Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2022-0129
Date Testimony Prepared: August 25, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0129 / 0130

TRUE-UP REBUTTAL TESTIMONY

OF

MELISSA K. HARDESTY

ON BEHALF OF

EVERGY MISSOURI METRO

**Kansas City, Missouri
August 2022**

TRUE-UP REBUTTAL TESTIMONY

OF

MELISSA K. HARDESTY

Case No. ER-2022-0129

1

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

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

5 **Q: Are you the same Melissa K Hardesty who submitted direct, rebuttal, surrebuttal,**
6 **and true-up direct testimony in these dockets?**

7 A: Yes.

8 **Q: On whose behalf are you testifying?**

9 A: I am testifying on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy
10 Missouri Metro” or the “Company”).

11 **Q: What is the purpose of your true-up rebuttal testimony?**

12 A: The purpose of my testimony is to discuss two differences between the computation of
13 income taxes in the true up calculation by the Company and the Missouri Public Service
14 Commission (“MPSC” or the “Commission”) Staff. We have identified two items related
15 to tax credits included in the income tax expense calculations in cost of service which are
16 different: 1) the amount of research and development tax credits; and 2) the amount of
17 investment tax credit amortization included in the income tax expense calculations.

18 **Q: Please explain the difference related to research and development tax credit.**

19 A: The Company has included an amount of research and development tax credit that it
20 expects to claim on its 2021 tax return when filed of \$646,874. The Staff has included the

1 amount of research and development tax credit included on the 2020 income tax return as
2 filed of \$3,499,228. These amounts are total company amounts before the allocation to the
3 Missouri jurisdiction is applied.

4 **Q: What is the appropriate amount of research and development tax credit to include in**
5 **cost of service?**

6 A: The Company believes that the 2021 amount of \$646,874 is the correct amount to include
7 in its income tax expense calculation. The amount included on the 2020 tax return as filed
8 includes \$3,019,946 of tax credits related the integration of Evergy Kansas Central onto
9 the Evergy Missouri Metro customer billing software platform. This internally developed
10 software project did not continue into 2021 and is not included in research and
11 development tax credits for 2021 utilized by the Company in its calculations. In addition,
12 we do not expect to have other anticipated projects that would generate this level of
13 research and development tax credits in 2022 or in future years.

14 **Q: Please explain the difference related to investment tax credits amortization.**

15 A: The Company has included an investment tax credit amortization amount of \$2,067,904.
16 The Staff has included \$3,100,679 of investment tax credit amortization. These amounts
17 are also total company amounts before the allocation to the Missouri jurisdiction is applied.
18 The primary difference is related to the amount of advanced coal investment tax credit that
19 was removed from the total amount of advanced coal credits to be amortized back to
20 customers in Evergy Missouri Metro's 2012 rate case, per the Stipulation and Order in Rate
21 Case No. ER-2012-0174. The Company inadvertently included the amortization of the full
22 amount of advanced coal investment tax credits in its direct filing in this case instead of
23 the amount ordered in the 2012 rate case. The amount of advanced coal investment tax

1 credit amortization was corrected and reduced in our true up filing. However, the MPSC
2 Staff's computation still includes the amortization that was provided by the Company in
3 our direct filing instead of the corrected amount.

4 **Q: What is the appropriate amount of investment tax credit amortization to include in**
5 **cost of service?**

6 A: The correct amount of investment tax credit amortization is \$2,067,904 based on the
7 amount of advanced coal credits that should be amortized back to customers per the
8 Stipulation and Order in Metro's 2012 rate case. The Company understands that the Staff
9 will file this corrected amount in its true-up rebuttal testimony for the investment tax
10 credits.

11 **Q: Does that conclude your true-up direct testimony?**

12 A: Yes, it does.

**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) Case No. ER-2022-0129
Implement A General Rate Increase for Electric)
Service)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2022-0130
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF MELISSA K. HARDESTY

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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

1. My name is Melissa K. Hardesty. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. and serve as Senior Director of Taxes.

2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of three (3) 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 K. Hardesty

Subscribed and sworn before me this 25th day of August 2022.



Notary Public

My commission expires: 4/26/2025

