

## Exhibit No. 35

Exhibit No.:  
Issue: Income Tax, Property Tax, & Kansas  
City Earnings Tax  
Witness: Melissa K. Hardesty  
Type of Exhibit: Surrebuttal & True-Direct Testimony  
Sponsoring Party: Evergy Missouri Metro and Evergy  
Missouri West  
Case Nos.: ER-2022-0129 / 0130  
Date Testimony Prepared: August 16, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2022-0129 / 0130**

**SURREBUTTAL & TRUE-UP DIRECT TESTIMONY**

**OF**

**MELISSA K. HARDESTY**

**ON BEHALF OF**

**EVERGY MISSOURI METRO and EVERGY MISSOURI WEST**

**Kansas City, Missouri  
August 2022**

**SURREBUTTAL TESTIMONY**

**OF**

**MELISSA K. HARDESTY**

**Case No. ER-2022-0129 / 0130**

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

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

4 **Q: Are you the same Melissa K Hardesty who submitted direct and rebuttal testimony**  
5 **in these dockets?**

6 A: Yes.

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

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

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

12 A: The purpose of my surrebuttal testimony is respond to the rebuttal testimony of (1) John S.  
13 Riley, on behalf of the Office of the Public Counsel (“OPC”), regarding the inclusion of  
14 wind production tax credits in the calculation of income tax expense in cost of service and  
15 the adjustment to cash working capital calculations for tax adjustments, and (2) John S.  
16 Riley and John A. Robinett, on behalf of OPC, regarding the offset of the Sibley AAO with  
17 an income tax adjustment.

**General Business Credits**

**Q: Do you agree with Mr. Riley that general business credits, including wind production tax credits, have not been included as a tax benefit by Evergy Missouri Metro and Evergy Missouri West in their income tax expense computations for cost of service in prior rate cases?**

**A:** No. Evergy Missouri Metro and Evergy Missouri West have historically included any general business credits, including production tax credits and research and development tax credits, in the calculation of income tax expense when the credits were generated in its rate cases. Specifically, since late 2006 when the first Spearville wind farm was placed in service, Evergy Missouri Metro has included the production tax credits as a tax benefit in the income tax expense calculation in its rate cases. The table below provides the tax credits included in income tax expense calculation for Evergy Missouri Metro and Evergy Missouri West for the last several rate cases (on a total company basis before allocations).

<b>Evergy Missouri Metro</b>	<b>Case No.</b>	<b>Amount</b>
Wind Production Tax Credits	ER-2007-0291	11,274,129
Research and Development Tax Credits	ER-2007-0291	<u>1,188,812</u>
Total		12,462,941
Wind Production Tax Credits	ER-2009-0089	8,747,298
Research and Development Tax Credits	ER-2009-0089	<u>600,000</u>
Total		9,347,298
Wind Production Tax Credits	ER-2010-0355	11,619,564
Research and Development Tax Credits	ER-2010-0355	<u>238,540</u>
Total		11,858,104
Wind Production Tax Credits	ER-2012-0174	11,930,116
Research and Development Tax Credits	ER-2012-0174	<u>803,300</u>
Total		12,733,416

Wind Production Tax Credits	ER-2014-0370	13,541,342
Research and Development Tax Credits	ER-2014-0370	<u>1,100,000</u>
Total		14,641,342
Wind Production Tax Credits	ER-2016-0285	3,811,238
Research and Development Tax Credits	ER-2016-0285	<u>851,628</u>
Total		4,662,866
Wind Production Tax Credits	ER-2018-0145	3,900,480
Research and Development Tax Credits	ER-2018-0145	<u>1,063,462</u>
Total		4,963,942

<b>Evergy Missouri West</b>	<b>Case No.</b>	<b>Amount</b>
Research and Development Tax Credits	ER-2009-0090	-
Research and Development Tax Credits	ER-2010-0356	-
Research and Development Tax Credits	ER-2012-0175	-
Research and Development Tax Credits	ER-2016-0156	76,398
Research and Development Tax Credits	ER-2018-0146	151,923

1  
2 Evergy Missouri Metro has not included any production tax credits in this rate case because  
3 the last year that it generated tax credits was 2020. The Company has already given  
4 customers the tax benefits related to these general business tax credits. If we include the  
5 credits again, the credits will be double counted. By including the tax benefits related to  
6 the tax credits as the credits were generated instead of when they were used, customers  
7 were able to get the benefits sooner. This method also levelized the impact of the tax  
8 credits over time and helped avoid significant fluctuations in rates due to the uncertainty  
9 related to the timing of the utilization of tax credits on tax returns.

10 **Q: Do you agree Mr. Riley’s proposed adjustment to cash working capital for his**  
11 **adjustment to income tax expense for general business credits?**

12 A: No. The general business credits were also included as a part of the computation of current  
13 income tax expense used to compute cash working capital in this case and in prior rate

1 cases. If Mr. Riley's adjustment is made in computing current income tax expense in this  
2 case, the credits would also be double counted in the cash working capital computation.

3 **Q: Do you share Mr. Riley's concerns with how the general business credits were treated**  
4 **in the Staff's EMS calculations?**

5 A: No. The Company has reviewed the calculations prepared by the Staff and agree that the  
6 estimated general business credits generated in the test year and the true-up period were  
7 appropriately included in income tax expense and cash working capital calculations. No  
8 adjustments are needed to the Staff's EMS run related to general business credits.

9 **Q: Can you summarize your position regarding the application of general business**  
10 **credits to the income tax expense included in this case?**

11 A: Mr. Riley incorrectly asserts that general business credits including production tax credits  
12 have not been included in prior rate cases. The Company and the Staff have correctly  
13 computed the appropriate amount of tax benefits for tax credits in this rate case and in prior  
14 rate cases. The general business credits were included as tax benefits for customers as they  
15 were generated. All adjustments proposed by Mr. Riley related to general business credits  
16 should be denied.

17 **Tax Reduction application to Sibley AAO**

18 **Q: Do you agree with Mr. Riley and Mr. Robinett's proposed adjustment to the Sibley**  
19 **AAO for the tax benefits related to the abandonment or retirement of the Sibley**  
20 **generating station?**

21 A: No. Again, as with the other adjustments proposed by Mr. Riley, including a reduction for  
22 the tax benefits to the Sibley AAO would double count the tax benefit. If his adjustment  
23 was made, it would be a reduction to the Sibley AAO and then a reduction to income tax

1 expense when the AAO is amortized and included in the income expense computation in  
2 cost of service.

3 If the Commission decides to reduce the Sibley AAO for the tax benefits, an  
4 adjustment would also need to be made to exclude the amortization of the Sibley AAO  
5 from pretax income when income tax expense is computed for cost of service in this case  
6 and in future rate cases.

7 **Q: Do you agree that the accumulated deferred taxes and the excess deferred taxes**  
8 **related to Sibley should also be included as an adjustment to the Sibley AAO?**

9 A: No. This is another case where Mr. Riley doesn't understand generally accepted  
10 ratemaking principles and is trying to double count tax benefits. Accumulated deferred  
11 taxes are an adjustment to rate base only and do not impact the computation of total income  
12 tax expense. Deferred taxes have to be paid to the government and should not be a  
13 reduction to the recovery of any cost by the Company including the Sibley AAO.

14 In generally accepted ratemaking principles, the difference in the timing of  
15 deductions for book and tax purposes ("timing differences") for plant assets are not  
16 included in the total income tax expense calculations. Any difference in the book and tax  
17 deductions (timing differences) create deferred income tax assets or liabilities which are  
18 included in rate base. The deferred taxes represent cost-free capital the Company has  
19 received from the government. The tax deductions taken for accelerated tax depreciation  
20 and the tax loss generated on the retirement of the Sibley station are considered timing  
21 differences. This is because remaining book basis will be a deduction for book purposes  
22 in the future, either through future depreciation or as a recovery or amortization of the  
23 Sibley AAO. In the case of the Sibley station, the Company has deferred tax liabilities that

1 will remain in rate base until all of the timing difference is reversed and the deferred taxes  
2 are paid to the government. Since these deferred taxes are liabilities payable in the future  
3 regardless of what this Commission decides to do with the Sibley AAO, it is not appropriate  
4 to reduce the AAO for the deferred tax liability.

5 As for the excess deferred income taxes related to Sibley, the Company has  
6 proposed to flow those back to ratepayers over 4 years through a reduction to income tax  
7 expense. The Company would be okay with flowing these excess deferred tax benefits  
8 back to ratepayers over the same period as the Sibley AAO. However, if we reduced the  
9 Sibley AAO by the excess deferred income taxes, amortization of the Sibley related excess  
10 deferred income taxes should be removed from the income tax expense calculation. If we  
11 include them both as a reduction to the Sibley AAO and as an amortization included in the  
12 income tax expense computation, the excess income deferred tax benefits will also be  
13 double counted.

14 **Q: Can you summarize your position on Mr. Riley's adjustment to the Sibley AAO for**  
15 **tax benefits?**

16 **A:** Mr. Riley's adjustments to the Sibley AAO for tax benefits, deferred income taxes and  
17 excess deferred income taxes should be denied. In no instance should the deferred taxes  
18 be included as an adjustment to the Sibley AAO since they will have to be paid to the  
19 government. In addition, the Company strongly recommends that the other adjustments  
20 are also not made. However, if the Commission should decide to reduce the Sibley AAO  
21 for tax benefits, then the amortization of the Sibley AAO should be removed from the  
22 pretax income used to compute income tax expense in this case and all future cases. And,  
23 if the Commission decides that the excess deferred taxes should be included as an



1 adjustment to the AAO, then the amortization of excess deferred income taxes related to  
2 Sibley should be removed from the income tax expense computation in this case and all  
3 future rate cases.

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

5 A: Yes, it does.

**TRUE-UP DIRECT TESTIMONY**

**OF**

**MELISSA K. HARDESTY**

**Case No. ER-2022-0129 / 0130**

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

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

4 **Q: Are you the same Melissa K Hardesty who submitted direct and rebuttal testimony**  
5 **in these dockets?**

6 A: Yes.

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

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

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

12 A: The purpose of my testimony is to describe the various tax related true-up adjustments  
13 included in the revenue requirement model. The schedule includes various adjustments for  
14 accumulated deferred income taxes in rate base, income tax expense, property tax expense  
15 and Kansas City, Missouri Earnings tax expense.

16 **Q: Please provide a list of true-up adjustments included in the revenue requirement**  
17 **model related to taxes.**

18 A: A list of true-up adjustments by type of tax is provided below:

1           Property Tax Expense

2           The true-up adjustment for property tax expense reflects the annualization of property taxes  
3           using plant balances as of January 1, 2022 multiplied by the calculated ratio of 2021 actual  
4           taxes paid compared to January 1, 2021 plant balances and the inclusion of PILOT  
5           payments for 2022.

6           Income Taxes

7           Income tax expense and accumulated deferred income taxes were adjusted to reflect the  
8           income tax impacts of various true-up adjustments. In addition, the accumulated deferred  
9           income taxes related to the voluntary employee exit program have been excluded from rate  
10          base and the allocator used to determine the Missouri jurisdictional amounts included for  
11          excess deferred income taxes in rate base and in the income tax expense computations for  
12          the Missouri rate change have been updated. The allocator for the plant related excess  
13          deferred income taxes for the Missouri rate change (including net operating loss excess  
14          deferred income taxes) has been updated to reflect the appropriate allocator for plant items  
15          and the allocator for the excess deferred income taxes related to other miscellaneous items  
16          has been updated to reflect the appropriate allocator for salaries and wages. Evergy  
17          Missouri Metro's income tax calculation is attached as Schedule MKH-2 and Evergy  
18          Missouri West's income tax calculation is attached as Schedule MKH-3.

19          Kansas City, Missouri Earnings Tax

20          Kansas City, Missouri earnings tax was adjusted to reflect the estimated 2021 Kansas City  
21          earnings tax expense per the general ledger excluding any true-up adjustments made for  
22          prior years in 2021.

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

2 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**

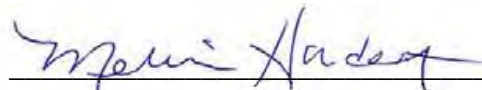
**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF JACKSON** )

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

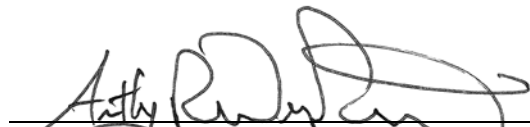
1. My name is Melissa K. Hardesty. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. and serve as Senior Director of Taxes.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal & True-Up Direct Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

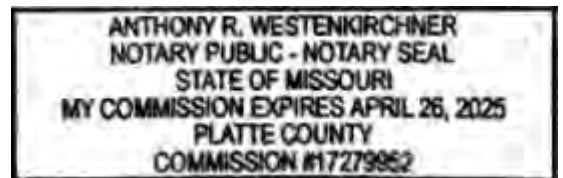
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Melissa K. Hardesty

Subscribed and sworn before me this 15<sup>th</sup> day of August 2022.

  
\_\_\_\_\_  
Notary Public

My commission expires: 4/26/2025



**Evergy**  
**2022 RATE CASE - MO METRO - True-Up**  
**TY 6/30/21; Update 12/31/21; True-Up 5/31/22**

**Income Tax Calculation**

Line No.	Line Description	Total Company Balance *	Juris Factor #	Juris Allocator *	Tax Rate	(Jurisdictional) Adjusted with 7.063% Return
1	Net Income Before Taxes (Sch 9)	444,098,066				198,879,692
2	<b>Add to Net Income Before Taxes:</b>					
3	Depreciation Exp	346,722,303				179,533,064
4	Plant Amortization Exp	75,203,364				40,311,184
5	Amortization of Unrecovered Reserve-KS	1,877,054	100% KS	0.0000%		0
6	Book Nuclear Fuel Amortization	29,481,487				16,537,124
7	Transp & Unit Train Depr-Clearing	2,190,796				1,160,813
8	50% Meals & Entertainment	348,345	Sal&Wg	52.8330%		184,041
9	<b>Total</b>	<u>455,823,348</u>				<u>237,726,225</u>
10	<b>Subtract from Net Income Before Taxes:</b>					
11	Interest Expense	118,191,223				61,577,018
12	IRS Tax Return Depreciation	310,473,473	PTD	53.6029%		166,422,785
13	IRS Tax Return Plant Amortization	86,702,114	PTD	53.6029%		46,474,847
14	IRS Tax Return Nuclear Amortization	20,174,271	E1	56.0932%		11,316,404
15	Employee 401k ESOP Deduction	1,454,525	Sal&Wg	52.8330%		768,469
16	IRC Section 199 Domestic Production Activities	0	D1	51.6676%		0
17	<b>Total</b>	<u>536,995,606</u>				<u>286,559,524</u>
18	<b>Net Taxable Income</b>	<u>362,925,808</u>				<u>150,046,394</u>
19	<b>Provision for Federal Income Tax:</b>					
20	Net Taxable Income	362,925,808				150,046,394
21	Deduct State Income Tax @ 100.0%	13,060,710				5,401,702
22	Deduct City Income Tax	0				0
23	Federal Taxable Income	<u>349,865,098</u>				<u>144,644,692</u>
24	Federal Tax Before Tax Credits	73,471,671			21.00%	30,375,385
25	Less Tax Credits:					
26	Wind Tax Credit	0	E1	56.0932%		0
27	Research and Development Tax Credit	(646,874)	E1	56.0932%		(362,853)
28	Alternate Refueling Property Tax Credit (Charging Stations)	0	371	68.7484%		0
29	Fuels Tax Credit	(8,677)	E1	56.0932%		(4,867)
30	<b>Total Federal Tax</b>	<u>72,816,120</u>				<u>30,007,665</u>
31	<b>Provision for State Income Tax:</b>					
32	Net Taxable Income	362,925,808				150,046,394
33	Deduct Federal Income Tax @ 50.0%	36,408,060			10.50%	15,003,833
34	Deduct City Income Tax	0				0
35	State Jurisdictional Taxable Income	<u>326,517,748</u>				<u>135,042,561</u>
36	<b>Total State Tax</b>	<u>13,060,710</u>			4.00%	<u>5,401,702</u>
37	<b>Provision for City Income Tax:</b>					
38	Net Taxable Income	362,925,808				150,046,394
39	<b>Total City Tax</b>	<u>0</u>			0.00%	<u>0</u>
40	<b>Effective Tax rate before Tax Cr and Earnings Tax</b>	23.84%	Deferred			23.84%
41	<b>Summary of Provision for Current Income Tax:</b>					
42	Federal Income Tax	72,816,120				30,007,665
43	State Income Tax	13,060,710				5,401,702
44	City Income Tax	0				0
45	<b>Total Provision for Current Income Tax</b>	<u>85,876,830</u>				<u>35,409,367</u>

46	<b>Deferred Income Taxes:</b>				
47	Deferred Income Taxes - Excess IRS Tax over Book D&A	(5,889,495)	See Computation Below		(1,465,323)
48	Amortization of Deferred ITC	(2,067,904)	PTD	53.6029%	(1,108,457)
49	Amort of Excess Deferred Income Taxes - Protected - ARAM	(10,811,444)	PTD	53.6029%	(5,795,248)
50	Amort of Excess Deferred Income Taxes - UnProtected - 10yr	(12,019,542)	PTD	53.6029%	(6,442,823)
51	Amort of Excess Deferred Income Taxes - NOL - ARAM	656,634	PTD	53.6029%	351,975
52	Amort of Excess Deferred Income Taxes - Misc - 10 yr	(2,236,784)	PTD	53.6029%	(1,198,981)
53	Amort of Excess Deferred Income Taxes - 5 yr	(13,668,875)	PTD	53.6029%	(7,326,913)
54	Amortization of Cost of Removal-ER-2007-0291	354,438	100% MO	100.0000%	354,438
55	<b>Total Deferred Income Tax Expense</b>	<u>(45,682,971)</u>			<u>(22,631,331)</u>
56	<b>Total Income Tax</b>	<u>40,193,859</u>			<u>12,778,036</u>
57	(a) Percent of vehicle depr clearing to O&M			28.73%	
58	Effective Tax Rate excluding City Earnings Taxes - MO juris	23.84%	Current		23.84%

**Interest Expense Proof:**

				Total Rate Base (Sch. 2)	3,196,315,474
				X Wtd Cost of Debt	1.927%
				Interest Exp	61,577,018
				Less: Interest Expense from Line 7	61,577,018
*	As Needed			Difference	<u>0</u>

**Computation of Line 47 Above:**

	<b>Deferred Income Taxes - Excess IRS Tax over Book D&amp;A:</b>				
59	IRS Tax Return Depreciation	310,473,473			166,422,785
60	Less: Book Depreciation	348,599,357			179,533,064
61	Excess IRS Tax Depr over Book Depreciation	<u>(38,125,884)</u>			<u>(13,110,279)</u>
62	IRS Tax Return Plant Amortization	86,702,114			46,474,847
63	Less: Book Amortization	75,203,364	PTD	53.6029%	40,311,184
64	Excess IRS Tax Amort over Book Amortization	<u>11,498,750</u>			<u>6,163,664</u>
65	IRS Tax Return Nuclear Amortization	20,174,271			11,316,404
66	Less: Book Nuclear Amortization	29,481,487	E1	56.0932%	16,537,124
67	Excess IRS Tax Nuclear Amort over Book Nuclear Amort	<u>(9,307,216)</u>			<u>(5,220,720)</u>
68	Total Timing Differences	(35,934,349)			(12,167,335)
69	AFUDC Equity	9,160,055	PTD	53.6029%	4,910,055
70	MO ITC Coal Basis Adjustment	1,754,264	PTD	53.6029%	940,336
71	MO Miscellaneous Flow Through	319,917	PTD	53.6029%	171,485
72	Total Timing Differences after Flow Through	<u>(24,700,114)</u>			<u>(6,145,459)</u>
73	Effective Tax rate	<u>23.84%</u>			<u>23.84%</u>
74	<b>Deferred Income Taxes - Excess IRS Tax over Tax SL</b>	<u>(5,889,495)</u>			<u>(1,465,323)</u>

**Evergy**  
**2022 RATE CASE - MO WEST - True-Up**  
**TY 6/30/21; Update 12/31/21; True-Up 5/31/22**

**Income Tax Calculation**

Line No.	Line Description	Total Company Balance	Juris Factor #	Juris Allocation	Tax Rate	(ELEC-JURIS)
						Adjusted with 7.069% Return
						C
1	Net Income Before Taxes (Sch 9)					145,362,760
2	<b>Add to Net Income Before Taxes:</b>					
3	Depreciation Expense					138,255,458
4	Plant Amortization Exp					855,554
5	Transportation Expenses-Clearing					208,444 (a)
6	50% Meals & Entertainment	3,449	1,13	84.645%		2,919
7	<b>Total</b>					<u>139,322,375</u>
8	<b>Subtract from Net Income Before Taxes:</b>					
9	Interest Expense					49,909,201
10	IRS Tax Return Depreciation	155,539,502	1,3	99.050%		154,061,686
11	IRS Tax Return Plant Amortization	728,245	1,3	99.050%		721,326
12	IRC Section 199 Domestic Production Activities					0
13	<b>Total</b>					<u>204,692,213</u>
14	<b>Net Taxable Income</b>					<u>79,992,923</u>
15	<b>Provision for Federal Income Tax:</b>					
16	Net Taxable Income					79,992,923
17	Deduct Missouri Income Tax @ 100.0%					2,877,658
18	Deduct City Income Tax					0
19	Federal Taxable Income					<u>77,115,265</u>
20	Federal Tax Before Tax Credits				21.00%	16,194,206
21	Less Tax Credits:					
22	Research and Development Tax Credit	(92,123)	1,3	99.050%		(91,248)
23	Alternate Refueling Property Tax Credit (Charging Stations)					0
24	<b>Total Federal Tax</b>					<u>16,102,958</u>
25	<b>Provision for Missouri Income Tax:</b>					
26	Net Taxable Income					79,992,923
27	Deduct Federal Income Tax @ 50.0%				10.50%	8,051,479
28	Deduct City Income Tax					0
29	Missouri Taxable Income					<u>71,941,444</u>
30	<b>Total Missouri Tax</b>				4.00%	<u>2,877,658</u>
31	<b>Provision for City Income Tax:</b>					
32	Net Taxable Income					79,992,923
33	Deduct Federal Income Tax					16,102,958
34	Deduct Missouri Income Tax					2,877,658
35	City Taxable Income					<u>61,012,307</u>
36	<b>Total City Tax</b>					<u>0</u>
37	<b>Summary of Provision for Current Income Tax:</b>					
38	Federal Income Tax					16,102,958
39	Missouri Income Tax					2,877,658
40	City Income Tax					0
41	<b>Total Provision for Current Income Tax</b>					<u>18,980,616</u>
42					Effective Tax Rate (Current, Deferred)	23.84%
43	<b>Deferred Income Taxes:</b>					
44	Deferred Income Taxes - Excess IRS Tax over Book D&A					4,053,230
45	Amortization of Deferred ITC	(362)	1,1	100.000%		(362)
46	Amort of Excess Deferred Income Taxes - Protected - ARAM	(4,270,481)	1,3	99.050%		(4,229,906)
47	Amort of Excess Deferred Income Taxes - UnProtected - 10yr	(5,535,902)	1,3	99.050%		(5,483,304)
48	Amort of Excess Deferred Income Taxes - NOL - ARAM	758,979	1,3	99.050%		751,768
49	Amort of Excess Deferred Income Taxes - Misc - 10 yr	(857,193)	1,3	99.050%		(849,049)
50	Amort of Excess Deferred Income Taxes - 4 yr	(9,945,806)	1,3	99.050%		(9,851,309)
51	<b>Total Deferred Income Tax Expense</b>					<u>(15,608,932)</u>
51	<b>Total Income Tax</b>					<u>3,371,684</u>

(a) Percent of vehicle depr clearing to O&M 23.53%

Interest Expense Proof:		Total Rate Base (Sch. 2)	2,596,327,360
		X Wtd Cost of Debt	1.922%
		Interest Exp	49,909,201
		Less: Interest Expense from Line 7	49,909,201
		Difference	0



**Evergy**  
**2022 RATE CASE - MO WEST - True-Up**  
**TY 6/30/21; Update 12/31/21; True-Up 5/31/22**

**Income Tax Calculation**

Line No.	Line Description	Total Company Balance	Juris Factor #	Juris Allocation	Tax Rate	(ELEC-JURIS) Adjusted with 7.069% Return
<b>Computation of Line 43 Above:</b>						
52	<b>Deferred Income Taxes - Excess IRS Tax over Book D&amp;A:</b>					
53	IRS Tax Return Depreciation					154,061,686
54	Less: Book Depreciation					139,111,012
55	Excess IRS Tax Depr over Book Depr					<u>14,950,674</u>
56	IRS Tax Return Plant Amortization					721,326
57	Less: Book Amortization					0
58	Excess IRS Tax Amort over Book Amortization					<u>721,326</u>
59	Total Timing Differences					15,672,000
60	AFUDC Equity	425,540	1,3	99.050%		421,497
61	ITC Basis Adjustment - Solar	66,218	1,1	100.000%		66,218
62	Miscellaneous Flow Through	839,236	1,1	100.000%		839,236
63	Total Timing Differences after Flow Through					<u>16,998,950</u>
64	Effective Tax rate					<u>23.84%</u>
65	<b>Deferred Income Taxes - Excess IRS Tax over Book D&amp;A</b>					<u><u>4,053,230</u></u>