Exhibit No.:
Issue(s): Property Tax Tracker
Witness: Nathan Bailey, CPA
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2026-0143
Date Testimony Prepared: August 11, 2026

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS SERVICES DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

NATHAN BAILEY, CPA

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

CASE NO. ER-2026-0143

Jefferson City, Missouri
August 2026

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 testimony?

A. Yes, I filed direct testimony on June 30, 2026.

Q. What is the purpose of your rebuttal testimony?

A. To respond to Evergy Missouri Metro ("EMM") regarding the balance to include in rate base for property tax tracking purposes.

<u>PROPERTY TAX TRACKER</u>

Q. Was legislation passed in 2022 that allows a utility to track and defer to the utility's next general rate case the difference between property taxes actually paid and property taxes included in the revenue requirement used to set rates?

A. Yes. Section 393.400, RSMo. states in part:

> 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 expense 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 and amortization over a reasonable period of time in such corporation's subsequent general rate proceedings. 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.[1]

Q. What is EMM's recommendation for the property tax deferrals allowed through the property tax legislation?

A. EMM witness Melissa Hardesty states as follows in her direct testimony, beginning on page 16, line 12:

> The Company has deferred property tax expense incurred in excess of the amount that was allowed in base rates from the 2018 rate case for the period August 28, 2022, through January 8, 2023, and from the 2022 Rate Case for the period January 9, 2023, through June 30, 2026, in accordance with Missouri Revised Statute § 393.400. Staff's true-up EMS model and the Company's true-up model in the 2018 rate case had the same level of property tax expense (other than Staff removed plant related to EV charging stations from the calculation of property tax expense). We are requesting that we be allowed to amortize the balance of this tracker at June 30, 2026, back through cost of service over four years.

Q. Does Staff agree with EMM's proposal to include the unamortized balance going back to before the most recently established rate base as EMM witness Hardesty explains?

A. No. The primary driver of the difference between Staff's recommendation and EMM's proposal is that EMM proposes to include the balances of deferred property

[1] Section 393.400.2, RSMo.

taxes from August 28, 2022 through January 8, 2023, which was before the most current rates became effective.

Essentially, EMM is asking the Commission to retroactively recover property tax expense incurred by EMM before its last general rate case, Case No. ER-2022-0129 (the "2022 Rate Case"). The law allows a utility to defer the difference between actual property taxes incurred by the utility and the base level established in a previous rate case to a regulatory asset and the unamortized balance is included in rate base in a subsequent rate case. The base level was first established in EMM's most recently completed general rate case, the 2022 Rate Case. EMM's proposal to include costs it incurred before the last general rate case is inappropriate, as the law authorizing the property tax tracker was not in place at the time of the 2018 Rate Case, nor was there an established base of property taxes. The difference between Staff and EMM for the property tax tracker for amounts deferred from August 28, 2022 through January 8, 2023, is $4,046,370.

Q. Please explain Staff's position with regard to the property tax tracker.

A. Staff included the unamortized balance of property taxes based on the base level of property taxes approved by the Commission in the Stipulation and Agreement in the 2022 Rate Case. The tracked amount is the difference between the base level established in the 2022 Rate Case and the actual property taxes paid through December 31, 2025. The 2022 Rate Case was the first general rate case following the implementation of the property tax tracker. Staff recommends a four-year amortization of this balance.

Q. Does this conclude your rebuttal testimony?

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 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 *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 Kansas City, on this 11th day of August 2026.

TINA PETERSON
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 4, 2030
JACKSON COUNTY
COMMISSION #26812480

Tina Peterson

Notary Public