FILED
March 20, 2017
Data Center
Missouri Public
Service Commission

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

KCPL Exhibit No. 172

Vate 3-16-17 Reporter XF

File No. FR-2016-0885

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

23	A:	Yes, it does.
22	Q:	Does that conclude your True-Up Rebuttal Testimony?
21		compute the annualized property tax expense in this case.
20		witness Karen Lyons and agreed to by the Company is appropriate and should be used to
19		Therefore, KCP&L believes that the ratio method proposed in testimony by Staff
18		be allowed to recognize an increase in property tax expense related to these additions.
17		These assets are included in the true-up period in this case and the Company should also
16		the additions of plant placed in service from January 1, 2016 to December 31, 2016.
15		Use of any other property tax expense adjustment method would fail to recognize
14		end.
13		The plant-in-service balance and the tax ratio are clearly known and measurable at year
12		December 31, 2016 will be used to compute the annualized level of property tax expense.
11		period will ensure that all actual plant additions and actual property tax rates as of
10		The application of the most current tax ratio and plant-in-service balances in the true up
9	A:	Yes. The Company agrees with the Staff's method of adjusting property tax expense.
8		expenses.
7	Q:	Does the Company agree with the Staff's method of adjusting property tax
6		plant balances placed in service during the true-up period.
5	A:	Yes. This is the method used in prior rate cases for KCP&L to reflect taxes incurred and
4		rate cases?
3	Q:	Is this method consistent with how property taxes were computed in prior KCP&L
2		compute total annualized property tax expenses in this case.
1		contractual payments in lieu of taxes (PILOT) applicable to non-taxable property to

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement A General Rate Increase for Electric Service Case No. ER-2016-0285
AFFIDAVIT OF MELISSA K. HARDESTY
STATE OF MISSOURI)
COUNTY OF JACKSON) ss
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 Kansas City Power & Light Company 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 Kansas City Power & Light Company consisting oftwo
() 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.
main Harday
Melissa K. Hardesty
Subscribed and sworn before me this 10th day of March 2017.
-1/1, $n = 1$.
Notary Public
My commission expires: T-205 4 2019 NICOLE A. WEHRY Notary Public - Notary Seal State of Missouri Commissioned for Jackson County My Commission Expires: February 04, 2019 Commission Number: 14391200