**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Complaint of Kansas Industrial Consumers' Group, Inc., against Kansas Electric and Natural Gas Public Utilities regarding Federal Income Tax Reform of 2018 and Its Effect on Jurisdictional Retail Utility Rates.	))))))	Docket No. 18-GIMX-252-COM

KANSAS CITY POWER & LIGHT COMPANY'RESPONSE TO COMPLAINT

COMES NOW, Kansas City Power & Light Company ("KCP&L") and for its response to the Kansas Industrial Consumers Group, Inc.'s ("KIC") *Complaint* initiating this docket on December 14, 2017 (the "Complaint"), states as follows:

KCP&L believes that this issue is best resolved in the generic docket created by Staff in Docket No. 18-GIMX-248-GIV.

However, it is important for the Commission to understand that a portion of what KIC is asking the Commission to do is in violation of IRS normalization rules. Specifically, KIC requests;

> (b) an Order from the Commission that public utilities are not entitled to retain excess levels of ADIT resulting from a reduced corporate tax rate and, as of the effective date of any reduction in the federal income tax rate, every investor owned utility in the state of Kansas is required to account for excess amounts of ADIT resulting from the reduced corporate tax rate. In addition, KIC requests the Commission order immediate refunds of excess ADIT or adopt other appropriate mechanisms to return excess amounts to retail ratepayers within a reasonable timeframe;[1]

[1] KIC recognizes ADIT is currently a source of cost-free capital to the utilities. Therefore, it may be that the refund to retail ratepayers must be phased in over a (reasonably short) period of time. However, KIC is also concerned with intergenerational inequities that may occur if refunds are provided over an extended timeline. Past ratepayers contributed the excess amounts, and future ratepayers will receive the refunds. To minimize intergenerational inequities, the refunds should be provided as quickly as practicable.

This request would violate the IRS normalization rules for plant related excess deferreds. Under the current normalization rules and the new rules as specified in the new tax legislation, the excess deferreds on plant are amortized over the remaining book life of our plant assets. This time period contradicts the short timeframe requested by KIC. Other non-plant related deferreds could be given back over a shorter timeframe.

KCP&L understands that the penalty for not normalizing plant-related excess deferreds would mean that the Company would lose the ability to use accelerated depreciation for tax purposes. This would increase rate base dramatically over time. In addition, a new penalty was also included in the new tax legislation. The new law requires a company to increase its tax liability by the amount it included in rates that exceed the benefit allowed for computing rates under the IRS normalization rules.

The Company requests that this issue, and all other issues be handled in the generic docket and that the Commission dismiss the KIC complaint.

Respectfully submitted,

/s/ Robert J. Hack

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COUNSEL FOR KANSAS CITY POWER & LIGHT COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that on the 26th day of December 2017, I electronically filed via the Kansas Corporation Commission's Electronic Filing System, a true and correct copy of the above and foregoing with a copy emailed to counsel for all parties of record.

|s| Robert J. Hack

COUNSEL FOR KANSAS CITY POWER & LIGHT COMPANY