



C. Shane Boyett
Regulatory and Cost Recovery
Manager

One Energy Place
Pensacola, FL 32520-0780
850 444 6209 tel
850 444 6026 fax
csboyett@southernco.com

September 14, 2018

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Re: Docket No. 20180039-EI – Docket to consider Stipulation and Settlement Agreement between Gulf Power Company and Office of Public Counsel, Florida Industrial Power Users Group and the Southern Alliance for Clean Energy regarding Tax Cuts and Jobs Act of 2017

Dear Ms. Stauffer:

Attached for electronic filing is Gulf Power Company's response to Staff's Second Data Request in Docket 20180039-EI.

Sincerely,

A handwritten signature in blue ink that reads "C. Shane Boyett".

C. Shane Boyett
Regulatory and Cost Recovery Manager

md

Attachments

cc: Gulf Power Company
Jeffrey A. Stone, Esq., General Counsel
Beggs & Lane
Russell Badders, Esq.
Florida Public Service Commission
Suzanne Brownless, Office of General Counsel

1. What is the total amount of protected excess deferred taxes, expressed on both a system and jurisdictional basis, assumed in the Stipulation and Settlement Agreement filed on August 29, 2018?

RESPONSE:

The annual amount of protected excess deferred tax assumed in the Stipulation and Settlement agreement filed on August 29, 2018 is as follows:

- Total System: \$7.9 million
 - Jurisdictional Amount: \$7.1 million
 - Jurisdictional Revenue Requirement: \$9.6 million
-

2. Please provide the excel spreadsheet, with formulas intact, that shows how the total amount of protected excess deferred taxes was calculated.

RESPONSE:

Please see Attachment A for a Microsoft Excel spreadsheet containing the jurisdictional amount of protected excess deferred taxes and the revenue requirement calculation assumed in the Stipulation and Settlement Agreement filed on August 29, 2018.

3. How long is the amortization period associated with the \$9.6 million base rate reduction related to the flow back of protected excess deferred taxes?

RESPONSE:

Not applicable. The actual amount of flowback of protected excess deferred taxes varies each year using the ARAM calculation.

4. On page 2 of the Stipulation and Settlement Agreement filed on August 29, 2018, provision 3 (b) discusses the establishment of a "2018 Tax Refund Reserve" for the 2018 protected excess deferred taxes, including true ups through December

31, 2018, to be refunded through the fuel cost recovery clause in 2019. If the Agreement is approved, please discuss in detail how the parties anticipate provision 3 (b) will work.

RESPONSE:

The provision identified above as 3(b) relating to the 2018 Tax Refund Reserve was previously approved in Order No. PSC-2018-0180-FOF-EI, dated April 12, 2018. Therefore, its approval is not pending on the instant Stipulation and Settlement Agreement. As a result, Gulf Power's 2019 fuel clause projection filed in Docket No. 20180001-EI on August 24, 2018, incorporated the current annual estimate of \$9.9 million as a reduction to the jurisdictional fuel clause revenue requirement (see Schedule E1, line 29, on page 1 of Exhibit No. CSB-5 filed on August 24, 2018 in Docket No. 20180001-EI). In January 2019, the Company will quantify the annual reserve amount related to 2018 protected excess deferred taxes reported as of December 31, 2018, as contemplated in the above-referenced Stipulation and Settlement Agreement. The resulting regulatory liability amount (2018 Tax Refund Reserve, including true-ups) related to the period ending December 31, 2018, will be established in the reporting month of December 2018 and discussed in Gulf's 2018 final true-up testimony in the fuel docket. The monthly amounts will also be presented in the monthly A-schedules through the period ending December 2019. Any difference between the \$9.9 million current annual estimate in proposed 2019 fuel rates and the 2018 Tax Refund Reserve as of December 31, 2018, will be reflected in the fuel clause over/under-recovery balance and incorporated in prospective fuel clause rate adjustments consistent with normal true-up mechanism practice.

5. With regard to the 2018 Tax Refund Reserve, approximately when in 2019 do the parties anticipate the refund will be made through the fuel cost recovery clause.

RESPONSE:

If approved by the Commission in Docket No. 20180001-EI, 2019 proposed fuel rates, which reflect the current annual estimate of \$9.9 million reduction, will begin with the first billing cycle in January 2019 and continue through the last billing cycle in December 2019.

6. Based on information known today, what is the approximate total amount of the 2018 Tax Refund Reserve?

RESPONSE:

The 2018 Tax Refund Reserve is approximately \$9.9 million as of the filing date of this response. This amount can be found on Schedule E1, line 29, on page 1 of Exhibit No. CSB-5 filed on August 24, 2018 in Docket No. 20180001-EI).

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Consideration of the stipulation and settlement)
agreement between Gulf Power Company, the Office)
of Public Counsel, Florida Industrial Power Users)
Group, and Southern Alliance for Clean Energy)
regarding the Tax Cuts and Jobs Act of 2017)

Docket No.: 20180039-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by electronic mail this 14th day of September, 2018 to the following:

Office of Public Counsel
J. R. Kelly
Charles J. Rehwinkel
Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
kelly.jr@leg.state.fl.us
rehwinkel.charles@leg.state.fl.us

Office of the General Counsel
Suzanne Brownless
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us

George Cavros, Esq.
Southern Alliance for Clean Energy
120 E. Oakland Park Blvd, Suite 105
Fort Lauderdale, FL 33334
george@cavros-law.com

Florida Industrial Power Users Group
Jon C. Moyle, Jr.
Karen Putnal
c/o Moyle Law Firm, P.A.
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com

Florida Retail Federation
Robert Scheffel Wright
John T. LaVia
c/o Gardner Law Firm
1300 Thomaswood Drive
Tallahassee, FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com



RUSSELL A. BADDERS

Florida Bar No. 007455

rab@beggsllane.com

STEVEN R. GRIFFIN

Florida Bar No. 0627569

srg@beggsllane.com

Beggs & Lane

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

Attorneys for Gulf Power