

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts
associated with Tax Cuts and Jobs Act of 2017
Florida Public Utilities Company - Gas.

DOCKET NO. 20180051-GU

DATED: October 22, 2018

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0213-PCO-GU, filed April 25, 2018, as modified by Order Nos. PSC-2018-0274-PCO-GU and PSC-2018-0412-PCO-GU, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

There are no known witnesses at this time.

2. All Known Exhibits

There are no known exhibits at this time.

3. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

4. Staff's Position on the Issues

ISSUE 1: Is the methodology and process Florida Public Utilities Company ("FPUC") used to calculate the impact of the Tax Cuts and Jobs Act of 2017 ("TCJA") appropriate?

POSITION: Staff has no position at this time.

ISSUE 2: Were Accumulated Deferred Income Taxes (ADIT) appropriately calculated?

POSITION: Staff has no position at this time.

ISSUE 3: Are FPUC's classifications of the excess ADIT between "protected" and "unprotected" appropriate?

POSITION: Staff has no position at this time.

ISSUE 4A: Were "protected excess deferred taxes" for 2018 using a 21 percent corporate tax rate appropriately calculated?

POSITION: Staff has no position at this time.

ISSUE 4B: What is the appropriate disposition of the protected excess deferred taxes?

POSITION: Staff has no position at this time.

ISSUE 5A: Were “unprotected excess deferred taxes” for 2018 using a 21 percent corporate tax rate appropriately calculated?

POSITION: Staff has no position at this time.

ISSUE 5B: What is the appropriate disposition of the unprotected excess deferred taxes?

POSITION: Staff has no position at this time.

ISSUE 6: Should FPUC seek a private letter ruling from the IRS regarding its classification of the excess ADIT relating to cost of removal/negative net salvage as “unprotected”?

POSITION: Staff has no position at this time.

ISSUE 7: If FPUC seeks a private letter ruling and the IRS rules therein (or in another private letter ruling) that the excess ADIT relating to cost of removal/negative net salvage is to be treated as “protected,” what process should be followed for the reclassification?

POSITION: Staff has no position at this time.

ISSUE 8: What mechanism should be utilized to avoid the negative impact to FPUC of the cost of seeking a Private Letter Ruling?

POSITION: Staff has no position at this time.

ISSUE 9: Were appropriate adjustments made to FPUC’s Gas Reliability Infrastructure Program “GRIP” for the impact of the TCJA for the tax year 2018?

POSITION: Staff has no position at this time.

ISSUE 10: What is the forecasted tax expense for FPUC for the tax year 2018 at a 21 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 11: What is the forecasted tax expense for FPUC for the tax year 2018 at a 35 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 12: What is the forecasted NOI for the tax year 2018 at a 21 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 13: What is the forecasted NOI for the tax year 2018 at a 35 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 14: What is the forecasted capital structure for the tax year 2018 at a 21 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 15: What is the annual forecasted capital structure for the tax year 2018 at a 35 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE: 16 What is the forecasted annual revenue requirement for FPUC for the tax year 2018 using a 21 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 17: What is the forecasted annual revenue requirement for FPUC for the tax year 2018 using a 35 percent corporate tax rate?

POSITION: Staff has no position at this time.

ISSUE 18: What is the tax benefit arising from the TCJA rate reduction that FPUC requests to be retained?

POSITION: Staff has no position at this time.

ISSUE 19: What is the estimated amount of the Deferred Tax portion of the Protected regulatory asset that is not associated with the acquisition adjustment that FPUC is requesting to be retained?

POSITION: Staff has no position at this time.

ISSUE 20: What is the estimated amount of the Deferred Tax portion of the Unprotected regulatory asset that is not associated with the acquisition adjustment that FPUC is requesting to be retained?

POSITION: Staff has no position at this time.

ISSUE 21: Should FPUC be allowed to retain the tax benefits arising from the TCJA rate reduction, excluding the 2018 GRIP savings, as well as the estimated

Deferred Tax portion of the Protected and estimated Unprotected Deferred Tax regulatory asset that are not associated with the acquisition adjustment?

POSITION: Staff has no position at this time.

ISSUE 22: Should the tax benefits directly associated with the GRIP program be passed-on to customers through future GRIP surcharges?

POSITION: Staff has no position at this time.

ISSUE 23: Should FPUC update the estimated tax benefit to be consistent with any adjustments to those estimates through December 22, 2018? If so, how should it be handled?

POSITION: Staff has no position at this time.

ISSUE 24: Should this docket be closed?

POSITION: Staff has no position at this time.

5. Stipulated Issues

Staff is not aware of any stipulated issues at this time.

6. Pending Motions

Staff has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Staff has no pending confidentiality claim or request at this time.

8. Objections to Witness Qualifications as an Expert

Staff has no objections to witness qualifications as an expert at this time.

9. Compliance with Order No. PSC-2018-0213-PCO-GU

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 22nd day of October, 2018.

/s/Rachael Dziechciarz

RACHAEL DZIECHCIARZ

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with the Office of Commission Clerk and that a true copy has been furnished to the following by electronic mail this 22nd day of October, 2018:

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