

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts  
associated with Tax Cuts and Jobs Act of 2017  
for Florida Power & Light Company.

DOCKET NO. 20180046-EI

DATED: January 7, 2019

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0209-PCO-EI, filed April 25, 2018, 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: What is the forecasted tax expense for the tax year 2018 at a 21 percent federal corporate tax rate?**

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 2: What is the forecasted tax expense for the tax year 2018 at a 35 percent federal corporate tax rate?**

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 3: What is the forecasted NOI for the tax year 2018 at a 21 percent federal corporate tax rate?**

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 4:** What is the forecasted NOI for the tax year 2018 at a 35 percent federal corporate tax rate?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 5:** What is the forecasted capital structure for the tax year 2018 at a 21 percent federal corporate tax rate?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 6:** What is the forecasted capital structure for the tax year 2018 at a 35 percent federal corporate tax rate?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 7:** What is the forecasted jurisdictional adjusted base revenue requirement for the tax year 2018 using a 21 percent federal corporate tax rate?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 8:** What is the forecasted jurisdictional adjusted revenue requirement for the tax year 2018 using a 35 percent federal corporate tax rate?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 9:** What is the annual jurisdictional adjusted base revenue requirement increase/decrease due to the enactment of the Tax Cuts and Jobs Act of 2017 for the tax year 2018?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 10:** Were "protected excess deferred taxes" for 2018 using a 21 percent federal corporate tax rate appropriately calculated?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 11:** Were "unprotected excess deferred taxes" for 2018 using a 21 percent federal corporate tax rate appropriately calculated?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 12:** Were Accumulated Deferred Income Taxes (ADIT) for 2018 appropriately calculated?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 13:** Are classifications of the excess ADIT between “protected” and “unprotected” appropriate?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 14:** How should unprotected excess ADITs be flowed back to FPL customers?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 15:** How should protected excess ADITs be flowed back to FPL customers?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 18:** Should this docket be closed?

POSITION: No position at this time pending evidence adduced at hearing.

#### CONTESTED ISSUES

##### OPC

**ISSUE 16:** Should FPL seek a private letter ruling from the IRS regarding its classification of the excess ADIT relating to cost of removal/negative net salvage as “protected”?

POSITION: No position at this time pending evidence adduced at hearing.

**ISSUE 17:** If FPL seeks a private letter ruling and the IRS rules therein (or issues other relevant guidance) that the excess ADIT relating to cost of removal/negative net salvage is to be treated as “unprotected”, what process should be followed for the reclassification?

POSITION: No position at this time pending evidence adduced at hearing.

##### FIPUG

**ISSUE A:** What is the rate decrease for each customer class resulting from the Tax Cuts and Jobs Act of 2017, if any, and, if so, when will those rate decreases become effective?

POSITION: This issue is relevant but subsumed within FPL’s Issue B.

**FPL**

**ISSUE B: How should FPL treat the savings associated with the Tax Cuts and Jobs Act of 2017?**

POSITION: No position at this time pending evidence adduced at hearing.

**STAFF**

**ISSUE C: Does the 2016 Settlement Agreement allow FPL to replenish the Amortization Reserve with the tax savings resulting from the Tax Cuts and Jobs Act of 2017?**

POSITION: No position at this time pending evidence adduced at hearing.

5. Proposed Stipulations

There are no proposed stipulations at this time.

6. Pending Motions

There are no pending motions at this time.

7. Pending Confidentiality Claims or Requests

There are no pending confidentiality claims or requests at this time.

8. Objections to Witness Qualifications as an Expert

Commission staff does not object to the expertise of any witness in this case.

9. Compliance with Order No. PSC-2018-0209-PCO-EI

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

Respectfully submitted this 7th day of January, 2019.

*/s/ Suzanne Brownless*

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SUZANNE S. BROWNLESS  
SPECIAL COUNSEL  
FLORIDA PUBLIC SERVICE COMMISSION  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Telephone: (850) 413-6218

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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 7th day of January, 2019:

Jon C. Moyle, Jr.  
Karen A. Putnal  
Moyle Law Firm, P.A.  
118 North Gadsden Street  
Tallahassee, FL 32301  
[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)  
[kputnal@moylelaw.com](mailto:kputnal@moylelaw.com)

Maria Moncada  
John Butler  
Florida Power & Light Company  
700 Universe Blvd.  
Juno Beach, FL 33408  
[Maria.moncada@fpl.com](mailto:Maria.moncada@fpl.com)  
[John.Butler@fpl.com](mailto:John.Butler@fpl.com)

Ken Hoffman  
Florida Power & Light Company  
134 West Jefferson Street  
Tallahassee, FL 32301  
[Ken.hoffman@fpl.com](mailto:Ken.hoffman@fpl.com)

Robert Scheffel Wright  
John T. LaVia  
Gardner Law Firm  
1300 Thomaswood Drive  
Tallahassee, FL 32308  
[schef@gbwlegal.com](mailto:schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)

Maj. A. Unsicker/Capt. L. Zieman/  
T. Jernigan/E. Payton/TSgt.. Moore  
Federal Executive Agencies  
139 Barnes Drive, Suite 1  
Tyndall AFB, FL 32403  
[andrew.unsicker@us.af.mil](mailto:andrew.unsicker@us.af.mil)  
[Lanny.zieman.1@us.af.mil](mailto:Lanny.zieman.1@us.af.mil)  
[Thomas.jernigan.3@us.af.mil](mailto:Thomas.jernigan.3@us.af.mil)  
[Ebony.payton.ctr.@us.af.mil](mailto:Ebony.payton.ctr.@us.af.mil)  
[Ryan.moore.5@us.af.mil](mailto:Ryan.moore.5@us.af.mil)

Stephanie A. Morse  
JR Kelly  
Office of the Public Counsel  
c/o Florida Legislature  
111 West Madison Street, Rm. 812  
Tallahassee, FL 32399-1400  
[kelly.jr@leg.state.fl.us](mailto:kelly.jr@leg.state.fl.us)  
[christensen.patty@leg.state.fl.us](mailto:christensen.patty@leg.state.fl.us)  
[morse.stephanie@leg.state.fl.us](mailto:morse.stephanie@leg.state.fl.us)

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*/s/ Suzanne Brownless*

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SUZANNE S. BROWNLESS  
SPECIAL COUNSEL  
FLORIDA PUBLIC SERVICE COMMISSION  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Telephone: (850) 413-6218