

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts
associated with Tax Cuts and Jobs Act of 2017
for Tampa Electric Company.

DOCKET NO. 20180045-EI

DATED: July 25, 2018

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0208-PCO-EI, issued on April 25, 2018, and Order No. PSC-2018-0261-PCO-EI, issued on May 24, 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: Has TECO complied with the applicable provisions of its 2017 Amended and Restated Stipulation and Settlement Agreement and Amended Implementation Stipulation regarding Tax Cuts and Jobs Act of 2017 (TCJA)?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 1(a): Was TECO's "forecasted earnings surveillance report for the calendar year that includes the period in which Tax Reform is effective" used?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 1(b): Were "protected excess deferred taxes" for 2018 using a 21 percent corporate tax rate appropriately calculated and flowed back?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 1(c): Were “unprotected excess deferred taxes” for 2018 using a 21 percent corporate tax rate appropriately calculated and flowed back?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 1(d): Were Accumulated Deferred Income Taxes (ADIT) appropriately calculated?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 1(e): Are TECO’s classifications of the excess ADIT between “protected” and “unprotected” appropriate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 1(f): Should TECO 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 pending evidence adduced at hearing.

ISSUE 1(g): If TECO 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 pending evidence adduced at hearing.

ISSUE 1(h): Were appropriate adjustments made to the First SoBRA project for the impact of the TCJA for the tax year 2018?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 2: What is the forecasted tax expense for TECO for the tax year 2018 at a 21 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 3: What is the forecasted tax expense for TECO for the tax year 2018 at a 35 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 4: What is the forecasted NOI for the tax year 2018 at a 21 percent corporate tax rate?

COMMISSION STAFF'S PREHEARING STATEMENT

DOCKET NO. 20180045-EI

PAGE 3

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 5: What is the forecasted NOI for the tax year 2018 at a 35 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 6: What is the forecasted capital structure for the tax year 2018 at a 21 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 7: What is the forecasted capital structure for the tax year 2018 at a 35 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 8: What is the forecasted revenue requirement for TECO for the tax year 2018 using a 21 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 9: What is the forecasted revenue requirement for TECO for the tax year 2018 using a 35 percent corporate tax rate?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 10: What is the amount of annual revenue requirement decrease/increase due to the enactment of the TCJA for the tax year 2018?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 11: What is the annual percentage decrease for the base rate charges for the RS, GS, GSD and IS rate classes resulting from the TCJA?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 12: What are the appropriate base rate charges implementing the TCJA and when should the new base rate charges become effective

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 13: What is the amount of the 2018 annual revenue requirement decrease attributable to the TCJA that should be used in Docket No. 20170271-EI to recover the storm cost as provided in paragraph 3 and to calculate the true up contemplated in paragraph 5(c) of the Amended Implementation Stipulation?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 14: Should this docket be closed?

POSITION: Staff has no position pending evidence adduced at hearing.

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

Commission staff has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Commission staff has no pending confidentiality claims or requests at this time.

8. Objections to Witness Qualifications as an Expert

Commission staff has no objections to witness qualifications as an expert.

9. Compliance with Order Nos. PSC-2018-0208-PCO-EI and PSC-2018-0261-PCO-EI

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

Respectfully submitted this 25th day of July, 2018.

/s/ Suzanne Brownless

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts
associated with Tax Cuts and Jobs Act of 2017
for Tampa Electric Company.

DOCKET NO. 20180045-EI

DATED: July 25, 2018

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 25th day of July, 2018:

Mr. J. Beasley
Mr. J. Wahlen
Ausley Law Firm
P.O. Box 391
Tallahassee, Florida 32302
Jbeasley@ausley.com
jwahlen@ausley.com

Mr. Jon Moyle Jr.
Ms. Karen Putnal
Moyle Law Firm P.A.
118 N. Gadsden St.
Tallahassee, FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com

Mr. J.R. Kelly
Ms. Virginia Ponder
111 W. Madison St. Rm 812
Tallahassee, FL 32399
Kelly.jr@leg.state.fl.us
Ponder.virginia@leg.state.fl.us

Mr. Robert Scheffel Wright
Mr. John T. Lavia
Gardner Law Firm
1300 Thomaswood Dr.
Tallahassee, FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

Ms. Paula Brown
Tampa Electric Company- Regulatory Affairs
P.O. Box 111
Tampa, FL 33601
regdept@tecoenergy.com

/s/ Suzanne Brownless

SUZANNE S. BROWNLESS
SPECIAL COUNSEL
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850