

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts
associated with Tax Cuts and Jobs Act of 2017
for Peoples Gas System.

DOCKET NO. 20180044-GU

DATED: July 25, 2018

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0212-PCO-GU, 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: In the absence of an approved agreement addressing the impact of federal tax reform, was it reasonable for Peoples Gas System ("PGS") to use its 2018 forecasted earnings surveillance report filed on March 15, 2018 to calculate the impact of the Tax Cuts and Jobs Act of 2017 ("TCJA")?

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

ISSUE 2: Were "protected excess deferred taxes" for 2018 using a 21percent corporate tax rate appropriately calculated and flowed back?

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

ISSUE 3: 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.

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ISSUE 4: Were Accumulated Deferred Income Taxes (ADIT) appropriately calculated?

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

ISSUE 5: Are PGS's classifications of the excess ADIT between "protected" and "unprotected" appropriate?

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

ISSUE 6: Should PGS 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 7: If PGS 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 8: Were appropriate adjustments made to PGS's cast iron/bare steel replacement rider for the impact of the TCJA for the tax year 2018?

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

ISSUE 9: What is the forecasted tax expense for PGS for the tax year 2018 at a 21 percent corporate tax rate?

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

ISSUE 10: What is the forecasted tax expense for PGS for the tax year 2018 at a 35 percent corporate tax rate?

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

ISSUE 11: What is the forecasted NOI for the tax year 2018 at a 21 percent corporate tax rate?

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

ISSUE 12: 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.

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ISSUE 13: 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 14: What is the annual 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 15: What is the forecasted annual revenue requirement for PGS for the tax year 2018 using a 21 percent corporate tax rate?

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

ISSUE 16: What is the forecasted annual revenue requirement for PGS for the tax year 2018 using a 35 percent corporate tax rate?

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

ISSUE 17: What is the forecasted annual revenue requirement decrease attributable to the TCJA for 2018?

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

ISSUE 18: What amount of the 2018 forecasted annual revenue requirement decrease attributable to the TCJA should be used to make a permanent base rate adjustment and when should those new base rates become effective?

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

ISSUE 19: What process should the Commission use to approve the revised tariffs necessary to make the permanent base rate adjustment specified above?

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

ISSUE 20: What amount of 2018 revenues held subject to refund should be refunded to customers to reflect the impact of TCJA, in what manner and on what time schedule?

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

ISSUE 21: 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 No. PSC-2018-0212-PCO-GU

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

Respectfully submitted this 25th day of July, 2018.

/s/ Walter Trierweiler

WALTER TRIERWEILER

STAFF COUNSEL

FLORIDA PUBLIC SERVICE COMMISSION

Gerald L. Gunter Building

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399-0850

Telephone: (850) 413-6584

wtrierwe@psc.state.fl.us

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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 25th day of July, 2018:

Andrew Brown
Ansley Watson Jr.
Macfarlane Law Firm
P.O. Box 1531
Tampa, FL 33601
ab@macfar.com
aw@macfar.com

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

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

/s/ Walter Trierweiler

WALTER TRIERWEILER
STAFF COUNSEL

FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6584
wtrierwe@psc.state.fl.us