

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Consideration of the Tax Impacts  
Associated with Tax Cuts and Jobs Acts of  
2017 for Tampa Electric Company.

DOCKET NO. 20180045-EI

DATED: July 25, 2018

**PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION**

The Florida Retail Federation ("FRF"), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2018-0208-PCO-EI, issued April 25, 2018, hereby submits its Prehearing Statement in this docket.

**APPEARANCES:**

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On behalf of the Florida Retail Federation

1. **WITNESSES:**

The Florida Retail Federation does not intend to call any witnesses for direct examination, but reserves its rights to cross-examine all witnesses and to rely upon the prefiled testimony of witnesses in this docket, as well as testimony on their cross-examination.

2. **EXHIBITS:**

The Florida Retail Federation will not introduce any exhibits on direct examination, but reserves its rights to introduce exhibits through cross-examination of other parties' witnesses.

### 3. STATEMENT OF BASIC POSITION

Tampa Electric has realized significant cost savings pursuant to the Tax Cuts and Jobs Act of 2017. The 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”), as modified by the Amended Implementation Stipulation, requires Tampa Electric to reduce its retail rates and to refund certain amounts of accumulated deferred income taxes to customers as specified in these documents. Tampa Electric should reduce its retail rates and implement the refunds as required by the 2017 Agreement and in accordance with the Amended Implementation Stipulation.

### 4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

**ISSUE 1: Has TECO complied with the applicable provisions of its 2017 Amended and Restated Stipulation and Settlement Agreement and Amended Implementation Stipulation regarding the Tax Cuts and Jobs Act of 2017 (TCJA)?**

FRF: Agree with OPC.

- a) Was TECO’s “forecasted earnings surveillance report for the calendar year that includes the period in which Tax Reform is effective” used?**

FRF: Agree with OPC.

- b) Were “protected excess deferred taxes” for 2018 using a 21 percent corporate tax rate appropriately calculated and flowed back?**

FRF: Agree with OPC.

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

FRF: Agree with OPC.

- d) Were Accumulated Deferred Income Taxes (ADIT) appropriately calculated?**

FRF: Agree with OPC.

- e) Are TECO’s classifications of the excess ADIT between “protected” and “unprotected” appropriate?**

FRF: Agree with OPC.

- 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”?**

FRF: Yes.

- 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?**

FRF: Agree with OPC.

- h) **Were appropriate adjustments made to the First SoBRA project for the impact of the TCJA for the tax year 2018?**

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

**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?

FRF: No position.

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

FRF: Pursuant to the terms of the 2017 Amended and Restated Stipulation and Settlement Agreement and the Amended Implementation Stipulation, the appropriate base rate charges implementing the TCJA should reflect a one-time rate reduction of \$102.687 million in the form of a uniform percentage decrease to customer, demand and energy base rate charges for all retail customer classes. The new base rate charges should become effective in the first billing cycle of 2019.

**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?

FRF: \$102.687 million.

**ISSUE 14:** Should this docket be closed?

FRF: No. This docket should remain open until all true-ups and offsets are fully implemented pursuant to the terms of the 2017 Amended and Restated Stipulation and Settlement Agreement and Amended Implementation Stipulation.

5. **STIPULATED ISSUES:**

The FRF is not aware of any stipulated issues at this time.

6. PENDING MOTIONS:

The FRF has no pending motions before the Commission in this docket.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

The FRF has no pending requests for claims for confidentiality.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

As of the time of filing its prehearing statement, the FRF does not expect to challenge the qualification of any witness. However, the FRF believes that each party that intends to rely upon a witness's testimony as expert testimony should be required to identify the field or fields of expertise of such witness and to provide the basis for the witness's claimed expertise.

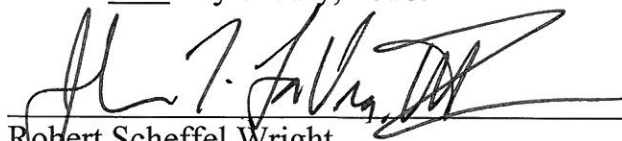
9. SEQUESTRATION OF WITNESSES:

The FRF takes no position on the sequestration of witnesses in this proceeding.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Respectfully submitted this 25th day of July, 2018.



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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 25th day of July, 2018, to the following:

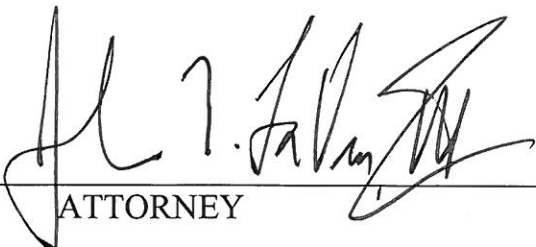
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