

**From:** Deaton, Renae  
**To:** [Barrett, Robert E J](#)  
**Cc:** [Hoffman, Kenneth](#); [Butler, John](#); [Fuentes, Elizabeth](#); [Moncada, Maria](#); [Litchfield, Wade](#); [Bores, Scott](#); [Ousdahl, Kimberly](#); [Rodriguez, Damaris](#)  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018  
**Date:** Friday, February 16, 2018 1:34:00 PM

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FYI, see the estimated impact below.

Cost Recovery Clause	\$MM Reduction in Revenue Requirements	Impact on 1,000 kWh RS-1 Bill
Environmental Conservation	\$19	-\$0.22
Capacity	\$0.5	\$0.00
Fuel	\$12	-\$0.14
Fuel	\$0	\$0.00
Total	\$32	-\$0.36

The only income taxes in fuel are in the GPIF reward. The thinking is that would not be impacted until next year when we calculate the 2018 reward to be included in the 2019 factors, but I have asked Liz to confirm. If there is an impact, it would be less than \$2 million.

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**From:** Barrett, Robert E J  
**Sent:** Thursday, February 15, 2018 6:02 PM  
**To:** Deaton, Renae  
**Cc:** Hoffman, Kenneth; Butler, John; Fuentes, Elizabeth; Moncada, Maria; Litchfield, Wade; Bores, Scott; Ousdahl, Kimberly; Rodriguez, Damaris  
**Subject:** Re: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

Thanks. I know there are income taxes in FCRC, CCRC and ECCR.

Bob Barrett  
VP, Finance  
Florida Power & Light

On Feb 15, 2018, at 5:58 PM, Deaton, Renae <[Rena.Deaton@fpl.com](mailto:Rena.Deaton@fpl.com)> wrote:

We will take a look at those tomorrow.

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**From:** Barrett, Robert E J  
**Sent:** Thursday, February 15, 2018 5:54 PM  
**To:** Deaton, Renae  
**Cc:** Hoffman, Kenneth; Butler, John; Fuentes, Elizabeth; Moncada, Maria; Litchfield, Wade; Bores, Scott; Ousdahl, Kimberly; Rodriguez, Damaris  
**Subject:** Re: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

What about the other clauses?

Bob Barrett  
VP, Finance  
Florida Power & Light

On Feb 15, 2018, at 5:52 PM, Deaton, Renae <[Renae.Deaton@fpl.com](mailto:Renae.Deaton@fpl.com)> wrote:

Our preliminary estimate is a \$19M reduction in jurisdictional rev reqs and a 22 cent reduction on a 1000 kWh bill, or 14% reduction in the \$1.58 March ECRC charge

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**From:** Hoffman, Kenneth  
**Sent:** Thursday, February 15, 2018 5:41 PM  
**To:** Butler, John; Barrett, Robert E J; Fuentes, Elizabeth; Deaton, Renae  
**Cc:** Moncada, Maria; Litchfield, Wade; Bores, Scott; Ousdahl, Kimberly; Rodriguez, Damaris  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

I'm not sure that there is a 10% or any threshold guideline for a MCC with ECRC—as there is with fuel. Spoke briefly with Damaris and rough estimate on ECRC revenues is about \$ 160 MM—so 10 % if there were such a guideline is about \$ 16 MM

Think Commission would probably favor a MCC in ECRC for “ political ” reasons raised by John and similar to SJRPP—i.e., let's go ahead and flow through known rate reductions

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**From:** Butler, John  
**Sent:** Thursday, February 15, 2018 3:52 PM  
**To:** Barrett, Robert E J; Fuentes, Elizabeth; Deaton, Renae  
**Cc:** Moncada, Maria; Litchfield, Wade; Hoffman, Kenneth; Bores, Scott; Ousdahl, Kimberly  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

Thanks, Bob. An adjustment of that magnitude certainly wouldn't necessitate a mid-course correction. Ken, do you have a sense for whether the PSC will want one anyway, to show that they're taking prompt action to flow tax savings back to customers? Best regards, John

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**From:** Barrett, Robert E J  
**Sent:** Thursday, February 15, 2018 3:48 PM  
**To:** Fuentes, Elizabeth; Butler, John; Deaton, Renae  
**Cc:** Moncada, Maria; Litchfield, Wade; Hoffman, Kenneth; Bores, Scott; Ousdahl, Kimberly  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

Thanks. My back-of-the-envelope is around \$30mm of tax expense and corresponding \$40mm of revenue requirements (i.e., \$30/.74655). That was based on Nov ESR.

I assume we'd over-recover this year and flow it back next year

Bob Barrett  
VP, Finance  
Florida Power & Light

561-694-6394 (office)

<image001.png>

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**From:** Fuentes, Elizabeth  
**Sent:** Thursday, February 15, 2018 3:45 PM  
**To:** Butler, John; Deaton, Renae  
**Cc:** Moncada, Maria; Litchfield, Wade; Hoffman, Kenneth; Barrett, Robert E J; Bores, Scott; Ousdahl, Kimberly  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

It is my understanding that Renae's team is working on calculating the difference in revenue requirements based on the 2018 clause projections.

Liz Fuentes  
Senior Director, NextEra Energy Regulatory Accounting  
305-552-4629 (office)  
305-781-6023 (cell)

<image002.gif>

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**From:** Butler, John  
**Sent:** Thursday, February 15, 2018 3:23 PM  
**To:** Deaton, Renae <[Renae.Deaton@fpl.com](mailto:Renae.Deaton@fpl.com)>; Fuentes, Elizabeth <[Elizabeth.Fuentes@fpl.com](mailto:Elizabeth.Fuentes@fpl.com)>  
**Cc:** Moncada, Maria <[Maria.Moncada@fpl.com](mailto:Maria.Moncada@fpl.com)>; Litchfield, Wade <[Wade.Litchfield@fpl.com](mailto:Wade.Litchfield@fpl.com)>; Hoffman, Kenneth <[KENNETH.HOFFMAN@fpl.com](mailto:KENNETH.HOFFMAN@fpl.com)>  
**Subject:** FW: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

FYI regarding earlier notes on this topic. Best regards, John

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**From:** Barrett, Robert E J  
**Sent:** Thursday, February 15, 2018 3:22 PM  
**To:** Robo, Jim; Silagy, Eric  
**Cc:** Hoffman, Kenneth; Litchfield, Wade; Butler, John; Ousdahl, Kimberly; Bores, Scott; Hickson, Mark  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

I'll follow-up on that.

Bob Barrett  
VP, Finance  
Florida Power & Light  
561-694-6394 (office)  
<image001.png>

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**From:** Robo, Jim  
**Sent:** Thursday, February 15, 2018 3:19 PM  
**To:** Barrett, Robert E J; Silagy, Eric  
**Cc:** Hoffman, Kenneth; Litchfield, Wade; Butler, John; Ousdahl, Kimberly; Bores, Scott; Hickson, Mark  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

what about our rate base in clause? I assume that is part of the 665mm/year of tax reform impact...?

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**From:** Barrett, Robert E J  
**Sent:** Wednesday, February 14, 2018 8:56 PM  
**To:** Silagy, Eric  
**Cc:** Hoffman, Kenneth; Robo, Jim; Litchfield, Wade; Butler, John; Ousdahl, Kimberly; Bores, Scott; Hickson, Mark  
**Subject:** RE: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

I know Ken's team will get out a more comprehensive summary to you but here is a quick overview of the \$103mm

Permanent reduction due to change in rates = \$18.2mm  
One-time flow back of "unprotected" excess deferred taxes through the fuel clause = \$69.4mm. Due to impact of this + loss of bonus on FFO/Debt they will fund with 100% equity and equity ratio in settlement will move up from 52.5% to 53.5%. Average life of 20 years, which implies \$3.5mm straight lined if they weren't doing a one-time reduction. Reduction due to "protected" excess deferred taxes will require more work. Will file by 5/1 with prospective reduction to take place 1/19.  
Reduction related to investments in ECRC = \$15.6mm in 2018

By way of comparison, here is our breakdown:  
Tax rate change = \$573mm  
Amort of excess unprotected = \$45mm (BTW, our total would be ~\$1.3B if we did it one time)  
Total reduction due to these 2 items = \$618mm for FPL versus an implied \$37.7mm for Gulf (incl ECRC) if they didn't do the 1 time refund of unprotected.  
For us that is \$126 per customer. For Gulf it is \$81

The other items for us are:  
2018 Amort of excess protected = \$113mm. Gulf says they need more time  
Loss of bonus = \$43mm increase in rev req (Gulf doesn't explicitly address)  
Loss of Sec 199 = \$36mm increase in rev req (Gulf doesn't explicitly address)

Hope this helps

Bob Barrett  
VP Finance  
Florida Power & Light  
561-694-6394

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**From:** Silagy, Eric  
**Sent:** Wednesday, February 14, 2018 6:14 PM  
**To:** Barrett, Robert E J  
**Cc:** Hoffman, Kenneth; Robo, Jim; Litchfield, Wade; Butler, John; Ousdahl, Kimberly; Bores, Scott; Hickson, Mark  
**Subject:** Re: Gulf Power News Release: Gulf Power customers to see \$103 million decrease for 2018

Me too. Not apparent to me how they're dropping bills by \$14 a month unless something else is rolling off.

Sent from my iPhone

On Feb 14, 2018, at 5:38 PM, Barrett, Robert E J <[Robert.Barrett@fpl.com](mailto:Robert.Barrett@fpl.com)> wrote:

Ok thx. Interested in how scales-adjusted it's about twice our impact.

Bob Barrett  
VP, Finance  
Florida Power & Light

On Feb 14, 2018, at 5:36 PM, Hoffman, Kenneth  
<[KENNETH.HOFFMAN@fpl.com](mailto:KENNETH.HOFFMAN@fpl.com)> wrote:

No. We should be able to get it tomorrow

Sent from my iPhone

On Feb 14, 2018, at 5:32 PM, Barrett, Robert E J  
<[Robert.Barrett@fpl.com](mailto:Robert.Barrett@fpl.com)> wrote:

We'll analyze this as soon as we can. Do we  
have their filing?

Bob Barrett  
VP, Finance  
Florida Power & Light

On Feb 14, 2018, at 4:58 PM, Hoffman,  
Kenneth <[KENNETH.HOFFMAN@fpl.com](mailto:KENNETH.HOFFMAN@fpl.com)>  
wrote:

fyi

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**From:** Roddy, Lisa  
[<mailto:LRODDY@southernco.com>]  
**Sent:** Wednesday, February 14, 2018  
4:53 PM  
**To:** Pickels, Robert; 'Stiles II, Billy J.';  
Adams, Lynne  
**Subject:** FW: Gulf Power News  
Release: Gulf Power customers to see  
\$103 million decrease for 2018

CAUTION - EXTERNAL  
EMAIL

FYI.....Gulf filed our Tax Reform  
Settlement Agreement this  
afternoon with the FPSC.

Lisa

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**Gulf Power**

**FPL 000316  
20180046-EI**

## **News**

*For immediate release —  
Feb. 14, 2018*

### **Gulf Power customers to see \$103 million decrease for 2018**

Today, Gulf Power filed a request with the Florida Public Service Commission seeking approval to pass along approximately \$103 million in tax savings to its 460,000 customers. If approved by the FPSC, the average Gulf Power customer using 1,112 kilowatt-hours per month can expect to see a \$14 drop on their monthly electricity bill for 2018 — the largest decrease in company history. More than \$30 million in savings for customers will continue into 2019 and beyond if approved by the FPSC.

The tax savings are the result of federal tax reductions under the new Tax Cuts and Jobs Act, which was signed into law on Dec. 22, 2017, and became effective on Jan. 1, 2018. The decrease in the Corporate Tax Rate from 35 percent to 21 percent reduces the amount of federal income tax Gulf Power will have to pay and allows the energy provider to pass that savings along to customers.

“This is very good news for customers,” said Stan Connally, Gulf Power chairman, president and CEO. “Reduced tax costs create an opportunity for Gulf Power customers to benefit from decreases in their energy prices. We are glad this allows

us to quickly lower rates for our customers — in fact, this is the seventh time in 10 years we've decreased prices. If the Florida Public Service Commission approves this agreement, customers should see the savings beginning in their April bills.”

Gulf Power worked together to reach a settlement with the Office of Public Council, the Florida Industrial Power Users Group and the Southern Alliance for Clean Energy to agree on how to deliver these savings to customers as soon as possible. J.R. Kelly, the Public Counsel, and Jon Moyle, counsel for the Florida Industrial Power Users Group, both applauded Gulf Power for acting quickly to provide customers with rate relief resulting from the federal tax reform legislation. Kelly and Moyle said that it's important for Gulf Power's customers and their clients to see real rate relief sooner rather than later, and they believe that this agreement, if approved by the Commission, will achieve that goal.

This decrease comes on the heels of record power consumption by Gulf Power customers due to prolonged extremely cold temperatures in January. The energy provider is working aggressively to make sure customers start receiving the savings as soon as possible.

“This price reduction will provide relief for many who had higher bills due to January's frigid temps,” said Connally. “With 21 days in the 30s and below, our customers used a lot electricity — in fact on Jan. 18, customers set a

record new high energy peak, surpassing the last high by 100 megawatts.”

While Gulf Power will pass along the tax savings to customers across Northwest Florida, the company will continue to invest in the energy grid to maintain the safe, reliable and affordable service customers have come to expect.

“We’re excited to pass along these savings to our customers, while continuing to make smart investments in our energy grid to continue the high reliability our customers have come to expect,” said Connally.