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To: [Cohen, Tiffany](#); [Haney, John](#); [Deaton, Renae](#); [Butler, John](#); [Moncada, Maria](#)
Cc: [Contesse, Florencia](#); [Bubriski, Mark](#); [Gatewood, Sarah](#); [Francis, Nancy](#); [Goertzen, Jami](#)
Subject: FOR REVIEW: RTQs re: MCC for tax changes
Date: Friday, April 13, 2018 11:47:09 AM
Importance: High

Communications Approval Request

Topic: *Mid-course correction – capacity and environmental clauses*

Date/Deadline: *ASAP – filing is 4/16/18*

Staff Lead: *Sarah Gatewood*

To Be Reviewed by: *Nancy Francis/Jami Goertzen, Tiffany Cohen, John Haney, Renae Deaton, John Butler/Maria Moncada*

Reviewed by: *Mark Bubriski*

To Be Approved by: *Ken Hoffman*

Approved by: *Rob Gould*

Inquiry/Issue Summary:

FPL is filing a mid-course correction with the PSC on Monday, April 16 to request a change in the tax rate within the environmental and capacity clauses as a result of changes to federal tax law. This will result in a decrease of \$0.59 for the typical residential customer bill.

In addition, the storm charge will increase \$0.10 on June 1; when combined with the corresponding gross receipts tax change, this will result in a net bill impact of \$0.50 reduction for FPL customers.

FPL will consider and address potential changes to base rates as a result of federal tax law through a separate docket open at the Commission; a petition and corresponding testimony within that docket is expected to be filed at the end of May.

Draft Response:

- Over the past few months, we have been reviewing the impact of recent federal tax law changes. In January, we announced plans to use our tax savings toward the \$1.3 billion cost of Hurricane Irma to prevent a rate increase for customers. Since then, we have identified additional savings, and we are requesting PSC approval to pass them back to our customers.
- FPL plans to reduce customer rates again this summer by another 50 cents per 1,000-kWh residential bill.
 - This is in addition to the \$3.35 decrease that went into effect in March.
 - A routine storm charge adjustment will increase the bill by 10 cents in June, but this will be more than offset by reductions to the environmental and capacity components of the bill in July – resulting in a net monthly decrease of 50 cents. (Note: \$0.10 storm increase minus \$0.59 ECRC/CPRC decrease & \$0.01 in gross receipts tax)
- Typical business customers are also expected to see a rate decrease of **X to X** percent.

- FPL's typical residential customer bill remains among the lowest in Florida and the nation and approximately 30 percent lower than the national average. Typical business customer bills continue to be among the lowest in the state and nation.

Will there be additional changes to customer bills as a result of federal tax law changes?

We announced in January that we believed tax savings in future years may enable us to continue operating under the current rate agreement and avoid a general base rate increase potentially through the end of 2022, but at this time, we have no additional information to provide. The PSC continues to review the impact of federal tax law changes on Florida utilities' rates, and FPL is participating in the process.