



SEBRING GAS SYSTEM, INC.

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May 11, 2018

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COMMISSION
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Florida Public Service Commission
2540 Shumard Blvd.
Tallahassee, FL 32399

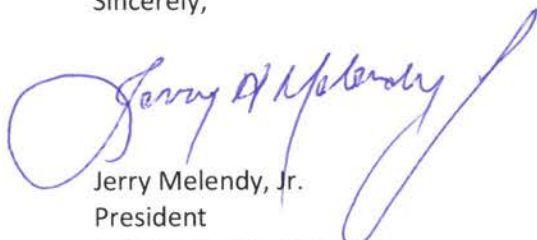
RE: Docket No. 20180107

Sebring Gas System, Inc. (Sebring) believes there will be no income tax impact on our utility associated with the passage of the Tax Cuts and Jobs Act of 2017, at least until the year 2021.

The outcome of Sebring's application for a rate increase, Docket No. PSC-04-1260-PAA-GU issued on December 20, 2004 was that the federal and state income tax factors in the revenue tax factors were omitted. Sebring had Net Operating Losses (NOL) that were being carried forward from losses incurred prior to the rate case.

Today Sebring has NOL's totaling approximately \$109,000. This amount, plus the anticipated additions to our Plant in the present and future years gives Sebring a confidence that no taxes will be paid until at least the year 2021.

Sincerely,



Jerry Melendy, Jr.
President
Sebring Gas System, Inc.