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July 20, 2018

**VIA: ELECTRONIC FILING**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

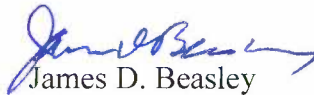
Re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017  
for Tampa Electric Company; Docket No. 20180045-EI

Dear Ms. Stauffer:

Attached for filing in the above docket, on behalf of Tampa Electric Company, is the  
Rebuttal Testimony of Valerie Strickland.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Attachment

cc: All Parties of Record (w/attachment)



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20180045-EI

IN RE: CONSIDERATION OF THE TAX IMPACTS  
ASSOCIATED WITH TAX CUTS AND JOBS ACT OF  
2017 FOR TAMPA ELECTRIC COMPANY

REBUTTAL TESTIMONY  
OF  
VALERIE STRICKLAND

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **REBUTTAL TESTIMONY**

3   **OF**

4                                   **VALERIE STRICKLAND**

5  
6   **Q.**   Please state your name, address, occupation and employer.

7  
8   **A.**   My name is Valerie Strickland. My business address is 702  
9           North Franklin Street, Tampa, Florida 33602. I am employed  
10          by TECO Services, Inc. ("TSI") as the Director of Corporate  
11          Taxes.

12  
13   **Q.**   Are you the same Valerie Strickland who filed direct  
14          testimony in this docket?

15  
16   **A.**   Yes, I am.

17  
18   **Q.**   What is the purpose of your rebuttal testimony in this  
19          proceeding?

20  
21   **A.**   The purpose of my rebuttal testimony is to respond to the  
22          recommendations of Office of Public Counsel ("OPC") witness  
23          Ralph Smith and provide information about obtaining a  
24          Private Letter Ruling ("PLR") for Tampa Electric Company  
25          ("Tampa Electric" or "company") from the Internal Revenue

1 Service ("IRS").

2

3 **Q.** Please describe the recommendations offered by OPC witness  
4 Smith, to which you wish to respond.

5

6 **A.** OPC witness Smith agreed with the company that excess  
7 accumulated deferred income taxes ("excess ADIT")  
8 associated with cost of removal/net negative salvage ("cost  
9 of removal") are "unprotected." He did not take issue with  
10 any of the components of the company's income tax or revenue  
11 requirement calculations and did not propose any  
12 adjustments to the company's calculation of the 2018 annual  
13 revenue requirement impact of the Tax Cuts and Jobs Act of  
14 2017 ("TCJA"). However, he did suggest there is some  
15 uncertainty regarding the treatment of excess ADIT related  
16 to cost of removal and recommended that Tampa Electric and  
17 Peoples Gas System be required to request guidance from the  
18 IRS via a PLR.

19

20 **Q.** Is Tampa Electric willing to request the suggested PLR?

21

22 **A.** While the company believes its proposed treatment of excess  
23 ADIT related to cost of removal is appropriate, it is not  
24 opposed to requesting a PLR as suggested by OPC.

25

1     **Q.**    Please describe the process to obtain a PLR and the  
2            associated timing and costs.

3

4     **A.**    Tampa Electric would retain a tax attorney experienced with  
5            utility income tax issues and normalization requirements to  
6            assist in the process of filing a PLR request. The company  
7            would work with the attorney to develop a draft PLR request  
8            based on the facts and circumstances set forth in my  
9            prepared direct testimony, the reasoning in the prepared  
10           direct testimony of Mr. Alan Felsenthal and applicable  
11           statutes, regulations and other authorities. Once the draft  
12           request is complete, the company would provide the draft to  
13           the Commission's staff and the other parties to this docket  
14           for their feedback. Once the draft PLR request has been  
15           finalized, the company would submit the request to the IRS.  
16           The process typically takes about seven months from start  
17           to receiving the ruling. Tampa Electric estimates the out  
18           of pocket costs to obtain a PLR to be between \$70,000 and  
19           \$90,000.

20

21    **Q.**    Would Tampa Electric request the PLR jointly for itself and  
22            its affiliate, Peoples Gas System?

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24    **A.**    Yes, the company would plan to request one PLR for both  
25            entities. This can be done when the companies are owned by

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the same parent company and the requested ruling is the same. If the IRS refuses the request for one PLR covering both entities, each company would need to request a separate PLR.

**Q.** Should the PLR request delay implementation of the company's proposed treatment of cost of removal?

**A.** No. Tampa Electric should proceed with its current proposal to adjust for the effects of tax reform. In the event that the PLR states that cost of removal should be treated as protected, instead of unprotected, the company would calculate a true-up to be applied in a manner consistent with the tax reform and storm cost recovery netting true-up described in the company's Amended Implementation Agreement.<sup>1</sup>

**Q.** Does this conclude your rebuttal testimony?

**A.** Yes.

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<sup>1</sup> Submitted in Docket Nos. 20170271-EI and 20180013-PU on February 13, 2018 and approved by Commission Order No. PSC-2018-0125-PCO-EI issued on March 7, 2018.