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August 10, 2018

Electronic Filing

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

Re: DOCKET NO. 20170179-GU - Petition for rate increase and approval of depreciation study by Florida City Gas.

Dear Ms. Stauffer:

Attached for filing in the above-referenced docket, please find the Petition for Limited Scope Proceeding of Florida City Gas.

As always, please don't hesitate to let me know if you have any questions. Thank you for your assistance with this filing.

Kind regards,



Beth Keating
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cc:// (Service List)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for rate increase and approval of depreciation study by Florida City Gas.

DOCKET NO. 20170179-GU

FILED: August 10, 2018

PETITION FOR LIMITED SCOPE PROCEEDING

Florida City Gas (“FCG” or “Company”), by and through its undersigned attorney, respectfully petitions the Florida Public Service Commission (“Commission” or “FPSC”) to initiate a limited scope proceeding, consistent with Article II, paragraph c. 2), of the Stipulation and Settlement (“Settlement”) between FCG, the Office of Public Counsel (“OPC”) and the Federal Executive Agencies (“FEA”) (jointly, “Parties”) approved by the Commission by Order No. PSC-2018-0190-FOF-GU, issued April 20, 2018, in Docket No. 20170179-GU. In support hereof, FCG states as follows:

I. **Background**

1) FCG is a natural gas utility subject to the Commission’s jurisdiction in accordance with Chapter 366, Florida Statutes. Its principal business address is:

Florida City Gas
4045 N.W. 97th Avenue
Doral, FL 33178-2300

2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esquire
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Gregory Munson, Esquire
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Gunster Law Firm
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Carolyn Bermudez
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Doral, FL 33178-2300
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3) FCG was originally incorporated as City Gas Company of Florida in 1949. Its initial operations were as a propane dealer in Dade County, Florida. Beginning in 1960, the Company commenced operations as a natural gas local distribution company (“LDC”), and thus, became a “public utility” as that term is defined in Section 366.02, Florida Statutes. As such, the Company was, henceforth, subject to the regulatory jurisdiction of the Florida Public Service Commission. On July 29, 2018, all of the outstanding common shares of Pivotal Utility Holdings, Inc. were acquired by 700 Universe, LLC, a subsidiary of NextEra Energy, Inc., and subsequently transferred to and acquired by Florida Power & Light Company (“FPL”). As a result of this transaction, Florida City Gas became a wholly-owned, direct subsidiary of FPL. FCG currently serves approximately 108,000 residential, commercial and industrial natural gas customers in Florida’s Miami-Dade, Brevard, St. Lucie, Palm Beach, Glades, Hendry, Broward, and Indian River counties.

4) This is a petition seeking agency action. The supporting facts, rules, and statutes are further set forth herein. The Company is unaware of any material facts in dispute at this time, but the proceeding may involve disputed issues of material fact. The Company’s request set forth herein does not involve reversal or modification of a Commission decision or proposed agency action. This is a Petition representing an initial request to the Commission, which is the affected agency located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

5) On October 23, 2017, FCG petitioned the Commission for approval to increase the Company’s rates and charges to the extent necessary to generate additional gross annual revenues in the amount of \$19.3 million and to approve the Company’s depreciation study.

6) Following the October 23, 2017 filing, OPC filed a notice of its intervention on October 24, 2017. Subsequently, FEA was authorized to intervene on January 22, 2018.

7) The Parties, as well as Commission Staff, engaged in extensive discovery leading up to the technical hearing scheduled to commence on March 26, 2018.

8) On March 12, 2018, the Parties submitted the Settlement in Docket No. 20170179-GU, which represented the good faith efforts of the Parties to address the issues in the rate case proceeding in a manner that would provide regulatory certainty with regard to FCG's rates and avoid the unnecessary expense and uncertainty associated with further litigation of the full rate case.

9) The Settlement, among other things, detailed the Parties' agreement that the Company's projected tax savings from the Tax Cuts and Jobs Act of 2017 is \$4,584,338 and this amount was included as a reduction to the test year subject to certain conditions specified in the Settlement.

10) The Settlement further reflected the Parties' agreement that the issue of the finalized amount of the "protected" and "unprotected" excess deferred taxes and the flow back period of the excess of "protected" deferred taxes, would be determined and trued-up either by submission of a later agreement or the initiation of a limited scope proceeding no later than July 1, 2018.

11) On June 29, 2018, and again on July 12, 2018, the Parties submitted letters in Docket No. 20170179-GU representing that discussions regarding the calculation and appropriate treatment of the "protected" and "unprotected" excess deferred taxes were ongoing, but had not yet produced a resolution, thereby necessitating extensions of time. The most recent letter stated that an extension until August 10, 2018 was necessary.

II. Status and Petition

12) While the Parties have made a good faith effort to resolve the matter of the quantification and appropriate disposition of the excess deferred income taxes, the Parties have not reached a settlement as of the date of this filing.

13) Given that: (a) Article II, paragraph c. 2) of the Settlement in this docket required either that the Parties file a further settlement of the remaining issues associated with excess deferred income taxes, or that a petition for a limited scope proceeding be filed, on or before July 1, 2018; (b) extensive discovery on the tax-related issues has already been conducted in this docket; and (c) the Parties' letters updating the Commission on the need for additional time have been submitted in the instant docket, FCG believes that it would be administratively efficient to accept this Petition for Limited Scope Proceeding in Docket No. 20170179-GU, modifying the docket title and schedule as appropriate and necessary. In the alternative, FCG asks the Commission to accept this Petition and open a new docket for purposes of resolving the issues identified herein.

14) In addition, FCG respectfully requests that the Commission establish a schedule for this proceeding consistent with the procedural schedule established for Docket No. 20180046-EI, the docket that addresses FPL's tax savings. This request is made for purposes of administrative efficiency, as many of the same witnesses and supporting personnel involved in Docket 20180046-EI will also be involved in FCG's limited proceeding.

15) Counsel for FCG has consulted with OPC and FEA regarding this Petition and the Company's desire to synchronize the schedule for this proceeding with the schedule in Docket No. 20180046-EI. Neither OPC nor FEA oppose the establishment of a procedural schedule for this matter that is consistent with that already established for Docket No. 20180046-EI.

16) FCG requests that the Commission, through the requested limited scope proceeding, resolve the following issues:

- A. What is the amount of FCG’s “protected” excess deferred income taxes created by the Tax Cuts and Jobs Act?
- B. What is the amount of FCG’s “unprotected” excess deferred income taxes created by the Tax Cuts and Jobs Act?
- C. What is the appropriate disposition of the amounts identified in Issue A?
- D. By what mechanism should the amounts identified in Issue B be returned to customers?

WHEREFORE, FCG respectfully requests that the Commission:

- (1) Conduct a limited proceeding to address the quantification of FCG’s excess “protected” and “unprotected” deferred income taxes created by the Tax Cuts and Jobs, as well as the appropriate disposition of the excess deferred income taxes; and
- (2) Establish a schedule for this limited scope proceeding that is consistent with the schedule established for the proceedings in Docket No. 20180046-EI; and
- (3) Grant FCG any further relief that the Commission may deem proper and appropriate.

Respectfully submitted this 10th day of August 2018 by:

/s/ Beth Keating
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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 10th day of August 2018, to the following:

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