

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts  
associated with Tax Cuts and Jobs Act of 2017  
for Florida Public Utilities Company -  
Indiantown Division.

DOCKET NO. 20180052-GU

DATED: October 22, 2018

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0214-PCO-GU, filed April 25, 2018, as modified by Order Nos. PSC-2018-0275-PCO-GU and PSC-2018-0412-PCO-GU, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

There are no known witness at this time.

2. All Known Exhibits

There are no known exhibits at this time.

3. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

4. Staff's Position on the Issues

**ISSUE 1: Is the methodology and process Florida Public Utilities Company - Indiantown Division (Indiantown) used to calculate the impact of the Tax Cuts and Jobs Act of 2017 (TCJA) appropriate?**

**POSITION:** Staff has no position at this time.

**ISSUE 2: Were Accumulated Deferred Income Taxes (ADIT) appropriately calculated?**

**POSITION:** Staff has no position at this time.

**ISSUE 3: Are Indiantown's classifications of the excess ADIT between "protected" and "unprotected" appropriate?**

**POSITION:** Staff has no position at this time.

**ISSUE 4A: Were "protected excess deferred taxes" for 2018 using a 21 percent corporate tax rate appropriately calculated?**

**POSITION:** Staff has no position at this time.

**ISSUE 4B: What is the appropriate disposition of the protected excess deferred taxes?**

**POSITION:** Staff has no position at this time.

**ISSUE 5A: Were “unprotected excess deferred taxes” for 2018 using a 21 percent corporate tax rate appropriately calculated?**

**POSITION:** Staff has no position at this time.

**ISSUE 5B: What is the appropriate disposition of the unprotected excess deferred taxes?**

**POSITION:** Staff has no position at this time.

**ISSUE 6: Should Indiantown seek a private letter ruling from the IRS regarding its classification of the excess ADIT relating to cost of removal/negative net salvage as “unprotected”?**

**POSITION:** Staff has no position at this time.

**ISSUE 7: If Indiantown seeks a private letter ruling and the IRS rules therein (or in another private letter ruling) that the excess ADIT relating to cost of removal/negative net salvage is to be treated as “protected,” what process should be followed for the reclassification?**

**POSITION:** Staff has no position at this time.

**ISSUE 8: What mechanism should be utilized to avoid the negative impact to Indiantown of the cost of seeking a Private Letter Ruling?**

**POSITION:** Staff has no position at this time.

**ISSUE 9: What is the forecasted tax expense for Indiantown for the tax year 2018 at a 21 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 10: What is the forecasted tax expense for Indiantown for the tax year 2018 at a 35 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 11: What is the forecasted NOI for the tax year 2018 at a 21 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 12: What is the forecasted NOI for the tax year 2018 at a 35 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 13:** **What is the forecasted capital structure for the tax year 2018 at a 21 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 14:** **What is the annual forecasted capital structure for the tax year 2018 at a 35 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 15:** **What is the forecasted annual revenue requirement for Indiantown for the tax year 2018 using a 21 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 16:** **What is the forecasted annual revenue requirement for Indiantown for the tax year 2018 using a 35 percent corporate tax rate?**

**POSITION:** Staff has no position at this time.

**ISSUE 17:** **Should Indiantown be allowed to recover any detrimental impact associated with the corporate income tax rate change implemented by the TCJA? If so, what amount, and should Indiantown be allowed to recover such amount through the Energy Conservation Cost Recovery (ECCR) clause?**

**POSITION:** Staff has no position at this time.

**ISSUE 18:** **Should Indiantown be allowed to retain and amortize, over 26 years, the total annual benefit associated with the Protected Deferred Tax liabilities?**

**POSITION:** Staff has no position at this time.

**ISSUE 19:** **Should Indiantown be allowed to retain and amortize, over 10 years, the total annual benefit associated with the Unprotected Deferred Tax liabilities?**

**POSITION:** Staff has no position at this time.

**ISSUE 20:** **Should Indiantown update the estimated tax benefits for any adjustments to those estimates through December 22, 2018? If so, how should it be handled?**

**POSITION:** Staff has no position at this time.

**ISSUE 21:** **Should this docket be closed?**

**POSITION:** Staff has no position at this time.

5. Stipulated Issues

Staff is not aware of any stipulated issues at this time.

6. Pending Motions

Staff has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Staff has no pending confidentiality claim or request at this time.

8. Objections to Witness Qualifications as an Expert

Staff has no objections to witness qualifications as an expert at this time.

9. Compliance with Order No. PSC-2018-0214-PCO-GU

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 22nd day of October, 2018.

*/s/Rachael Dziechciarz*

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RACHAEL DZIECHCIARZ

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with  
the Office of Commission Clerk and that a true copy has been furnished to the following by  
electronic mail this 22nd day of October, 2018:

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*/s/Rachael Dziechciarz*

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