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December 28, 2018

E-PORTAL FILING

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

Re: Docket No. 20180051 – In re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Florida Public Utilities Company-Gas.

Attached for filing in the referenced docket, please find Florida Public Utilities Company's Post Hearing Statement and Brief.

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

Kind regards,

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts associated with the Tax Cuts and Jobs Act Florida for Florida Public Utilities Company-Gas.)	Docket No. 20180051-GU Filed: December 28, 2018

FLORIDA PUBLIC UTILITIES COMPANY
POST HEARING STATEMENT AND BRIEF

Pursuant to the requirements of the Order on Procedure, Order No. PSC-2018-0213-PCO-GU, as amended by Order No. PSC-2018-0274-PCO-GU and Order No. PSC-2018-0412-PCO-GU, Florida Public Utilities Company ("FPUC") hereby submits its Post Hearing Statement and Brief.

STIPULATIONS

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

***Type 1 Stipulation**

STIPULATION: Yes, the methodology and process FPUC used to calculate the impact of the TCJA is appropriate.

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

***Type 1 Stipulation**

STIPULATION: Yes, ADIT is appropriately calculated.

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

***Type 1 Stipulation**

STIPULATION: Yes, FPUC's classifications of the excess ADIT between "protected" and "unprotected" is appropriate.

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

Type 1 Stipulation

<u>STIPULATION</u>: Yes, "protected excess deferred taxes" for 2018 using a 21 percent corporate tax rate are appropriately calculated.

<u>ISSUE 5A</u>: **Were "unprotected excess deferred taxes" for 2018 using a 21 percent corporate tax rate appropriately calculated?**

Type 1 Stipulation

<u>STIPULATION</u>: Yes, the "unprotected excess deferred taxes" for 2018 using a 21 percent corporate tax rate are appropriately calculated.

<u>ISSUE 6</u>: **Should FPUC 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"?**

Type 1 Stipulation

<u>STIPULATION</u>: FPUC should await IRS guidance, including guidance provided to larger, similarly-situated Florida utilities.

<u>ISSUE 7</u>: **If FPUC 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?**

Type 1 Stipulation

<u>STIPULATION</u>: If the IRS issues guidance that cost of removal should be a protected asset, the Parties agree that the balances associated with the cost of removal shall be accounted for using the IRS prescribed methodology for protected assets.

<u>ISSUE 8</u>: **What mechanism should be utilized to avoid the negative impact to FPUC of the cost of seeking a Private Letter Ruling?**

Type 1 Stipulation

STIPULATION: If it becomes necessary to seek clarification from the IRS by way of a Private Letter Ruling, then the Parties agree that the costs associated with the procedural activity may be deferred and amortized over five years, or until the next base rate proceeding.

ISSUE 9: Were appropriate adjustments made to FPUC's Gas Reliability Infrastructure Program "GRIP" for the impact of the TCJA for the tax year 2018?

Type 1 Stipulation

STIPULATION: Appropriate adjustments have not yet been made to FPUC's GRIP for the impact of the TCJA for the tax year 2018. FPUC is proposing in this case to treat the adjustments as a GRIP over-recovery in 2019, which FPUC believes would be an appropriate adjustment.

ISSUE 10: What is the forecasted tax expense for FPUC for the tax year 2018 at a 21 percent corporate tax rate?

Type 2 Stipulation

STIPULATION: Excluding the effects of any amortization of protected and unprotected ADIT, or the refund of any benefits, the forecasted tax expense using the 21% corporate tax rate for FPUC is $3,535,175. If GRIP is refunded and the ADIT amortized but not refunded, the forecasted tax expense using the 21% corporate tax rate for FPUC is $3,407,695.

ISSUE 11: What is the forecasted tax expense for FPUC for the tax year 2018 at a 35 percent corporate tax rate?

Type 2 Stipulation

STIPULATION: Excluding the effects of any amortization of protected and unprotected ADIT, or the refund of any benefits, the forecasted tax expense using the 35% corporate tax rate for FPUC is $5,163,603. If GRIP is refunded and the ADIT amortized but not refunded, the forecasted tax expense using the 35% corporate tax rate for FPUC is $4,969,584.

ISSUE 12: What is the forecasted NOI for the tax year 2018 at a 21 percent corporate tax rate?

Type 1 Stipulation

STIPULATION: $12,268,779 excluding the effects of any amortization of protected and unprotected ADIT, and the refund of any benefits.

ISSUE 13: What is the forecasted NOI for the tax year 2018 at a 35 percent corporate tax rate?

Type 1 Stipulation

STIPULATION: $10,640,348 excluding the effects of any amortization of protected and unprotected ADIT, and the refund of any benefits.

ISSUE 14: What is the forecasted capital structure for the tax year 2018 at a 21 percent corporate tax rate?

Type 2 Stipulation

STIPULATION:

			LOW POINT		MIDPOINT		HIGH POINT	
AVERAGE	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	$ 92,294,263	39.34%	9.85%	3.88%	10.85%	4.27%	11.85%	4.66%
LONG TERM DEBT - CU	$ 41,036,305	17.49%	4.54%	0.79%	4.54%	0.79%	4.54%	0.79%
SHORT TERM DEBT	$ 43,846,558	18.69%	1.77%	0.33%	1.77%	0.33%	1.77%	0.33%
LONG TERM DEBT - FC	$ 5,480,739	2.34%	12.04%	0.28%	12.04%	0.28%	12.04%	0.28%
CUSTOMER DEPOSITS	$ 8,258,945	3.52%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%
DEFFERED INCOME TAXES	$ 43,668,344	18.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	$ -	0.00%	5.29%	0.00%	5.68%	0.00%	6.07%	0.00%
TOTAL AVERAGE	$ 234,585,154	100.00%		5.36%		5.75%		6.14%

ISSUE 15: What is the annual forecasted capital structure for the tax year 2018 at a 35 percent corporate tax rate?

Type 2 Stipulation

STIPULATION: The capital structure is the same as the capital structure at 21% because the Company has assumed that the regulatory liability should be grouped with deferred income taxes as a part of the capital structure at a zero cost rate.

<u>ISSUE 16</u>: **What is the forecasted annual revenue requirement for FPUC for the tax year 2018 using a 21 percent corporate tax rate?**

Type 2 Stipulation

<u>STIPULATION</u>: Using the midpoint rate of return, the revenue requirement is $18,241,342 using the 21% corporate tax rate.

<u>ISSUE 17</u>: **What is the forecasted annual revenue requirement for FPUC for the tax year 2018 using a 35 percent corporate tax rate?**

Type 2 Stipulation

<u>STIPULATION</u>: Using the midpoint rate of return, the revenue requirement is $22,170,662 using the 35% corporate tax rate.

<u>ISSUE 18</u>: **What is the tax benefit arising from the TCJA rate reduction that FPUC requests to be retained?**

Type 1 Stipulation

<u>STIPULATION</u>: $1,678,308 including the estimated amortization of the protected and unprotected regulatory tax liability (excluding the acquisition adjustment).

<u>ISSUE 19</u>: **What is the estimated amount of the Deferred Tax portion of the Protected regulatory asset that is not associated with the acquisition adjustment that FPUC is requesting to be retained?**

Type 1 Stipulation

<u>STIPULATION</u>: A regulatory tax liability of $21,955,992 in total or $844,461 of estimated amortization a year.

<u>ISSUE 20</u>: **What is the estimated amount of the Deferred Tax portion of the Unprotected regulatory asset that is not associated with the acquisition adjustment that FPUC is requesting to be retained?**

Type 1 Stipulation

<u>STIPULATION</u>: $3,072,874 in total or a negative $307,287 of amortization a year.

ISSUE 22: **Should the tax benefits directly associated with the GRIP program be passed-on to customers through future GRIP surcharges?**

Type 1 Stipulation

STIPULATION: Yes, the tax benefits directly associated with the GRIP program should be passed-on to customers through future GRIP surcharges.

ISSUE 23: **Should FPUC update the estimated tax benefit to be consistent with any adjustments to those estimates through December 22, 2018? If so, how should it be handled?**

Type 1 Stipulation

STIPULATION: Yes, FPUC should update the estimated tax benefit to be consistent with any adjustments to those estimates through December 22, 2018 by flowing the benefit back to customers by incorporating it as an over-recovery in the 2019 GRIP projection.

ISSUES IN DISPUTE:

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

POSITIONS

FPUC: *FPUC should be allowed to retain the estimated amortized deferred balance less the unprotected deferred tax amortization, thereby fulfilling the purpose of the TCJA by allowing FPUC to continue making capital improvements and potentially delaying a rate proceeding.*

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

POSITIONS

FPUC: *FPUC should be allowed to retain the deferred tax liability associated with the net acquisition adjustment amortized over the life of the acquisition adjustment and unprotected deferred tax asset amortized over 10 years, netted against the protected excess deferred taxes.*

ISSUE 21: **Should FPUC be allowed to retain the tax benefits arising from the TCJA rate reduction, excluding the 2018 GRIP savings, as well as the estimated Deferred Tax portion of the Protected and estimated Unprotected Deferred Tax regulatory asset that are not associated with the acquisition adjustment?**

POSITIONS

FPUC: *Yes, FPUC should be allowed to retain the tax benefits arising from the TCJA rate reduction, excluding the 2018 GRIP savings, as well as the estimated Deferred Tax portion of the Protected and estimated Unprotected Deferred Tax regulatory asset including those that are associated with the acquisition adjustment.*

ISSUE 24: Should this docket be closed?

POSITIONS

FPUC: *Yes.*

BRIEF ON DISPUTED ISSUES

Overview

The Tax Cuts and Jobs Act of 2017[1] ("TCJA") was signed into law by President Trump on December 22, 2017. Thereafter, the Commission established generic Docket No. 20180013-PU to address the Office of Public Counsel's ("OPC") Petition to Establish Generic Docket to Investigate and Adjust Rates for 2018 Tax Savings. By Order No. PSC-2018-0104-PCO-PU, the Commission asserted jurisdiction over the subject matter of responsive tax adjustments effective on the date of the Commission's vote, February 6, 2018 ("Jurisdictional Date").

This docket was opened on February 23, 2018, to provide a vehicle for the Commission to consider the tax impacts associated with the passage of the TCJA on Florida Public Utilities Company – Gas Division (herein, "FPUC"). Shortly, thereafter, OPC intervened.[2] The Order Establishing Procedure for this proceeding, Order No. PSC-2018-0213-PCO-GU, was issued April 25, 2018. Consistent with that Order, FPUC filed its Petition, along with the Testimonies

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[1] HR-1, Pub. L. No. 115-97, December 22, 2017, 131 Stat 2054.

[2] Order No. PSC-2018-0133-PCO-GU, issued March 13, 2018.

of Michael Cassel, Matthew Dewey, and Michael Reno on May 31, 2018. Thereafter, by Orders Nos. PSC-2018-0274-PCO-GU and PSC-2018-0412-PCO-GU, the procedural schedule for this proceeding was modified, and a hearing was scheduled to commence on November 27, 2018.

Between the time of FPUC's initial filing and the prehearing conference, FPUC and OPC (jointly "Parties") were able to reach stipulations of the factual issues pertaining to FPUC's calculation of the tax benefits, as well as the issues regarding FPUC's earnings posture. TR 9; Order No. PSC-2018-0535-PHO-GU. The Parties were also able to reach agreement regarding FPUC's flow-through of the tax benefits associated with the Company's Gas Reliability Infrastructure Plan ("GRIP"). Id. As such, the few remaining disputed issues, Issues 4B, 5B, 21, and 24, address the appropriate disposition of the identified tax savings, other than those associated with GRIP, upon which the Parties have, as noted, reached agreement. TR 10; Order No. PSC-2018-0535-PHO-GU.

To be clear, there is no debate between the Parties regarding the tax benefit amounts that need to be addressed, nor is there any debate regarding FPUC's earnings posture. TR 231-233 (Smith). The remaining issues present a policy question as to whether, given its earnings posture, the Company should be allowed to retain the identified tax benefits or return those tax benefits to its customers.

As explained by FPUC witness Cassel, the annual tax savings associated with the corporate income tax rate change from 35% to 21% is approximately \$2,181,275. TR 98 (Cassel). Excluding the GRIP savings shown on Hearing Exhibit 3, FPUC proposes to retain \$1,141,134 of the annual amount of tax savings associated with the tax rate reduction for purposes of addressing incremental, ongoing costs since the Company's last rate case in 2008. TR 98 (Cassel). Currently, not only is the Company not over-earning, it is, in fact, projected to be earning at the bottom of its allowable range.[3] TR 182. As such, it is FPUC's position that regulatory efficiency supports allowing the Company to retain the tax benefit. Such approval will provide the Company with a more likely opportunity to earn closer to its range, thereby potentially deferring a future rate case. Such regulatory efficiency will extend rate stability and be more consistent with the stated purpose outlined by the tax bill's sponsor, Congressman Brady, to provide tax relief for workers, families, and job creators. Hearing Exhibit 11; TR 100 (Cassel). The implementation of this purpose is at the discretion of the Commission.

As for deferred taxes, these are recorded on the Company's balance sheet as a regulatory asset and liabilities. TR 99-100 (Cassel). The amount on the Company's books was calculated at the prior 35% rate, but the actual taxes paid to the government will be paid at the 21% rate. Id. There are two distinct components of the Unprotected Deferred Tax balance. The first component is a deferred tax liability of $6,518,569 associated with the acquisition adjustment. The Company requests that this be included with the net acquisition adjustment and amortized at $298,560 per year based on the remaining amortization months of the acquisition adjustment. TR 99 (Cassel). There seems to be no debate from OPC that this is the appropriate approach. TR 233 (Smith).

The second component is a net Unprotected Deferred Tax Asset with an estimated balance of $3,072,874. The Company requests this Deferred Tax Asset be amortized over 10 years at $307,287 per year. TR 99 (Cassel). This annual amortization detriment could be netted against the annual Protected benefit, as discussed below, and the Company requests that the net total of these amounts be retained by the Company.

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[3] Order No PSC-09-0848-S-GU.

For protected deferred taxes, the estimated grossed-up balance for FPUC is approximately $21,955,992, which is recorded as a Deferred Regulatory Tax Liability. TR 100 (Cassel). This estimated deferred balance will be amortized over 26 years using the Internal Revenue Service's ("IRS") prescribed methodology, which is approximately $844,461 annually. Hearing Exhibit 2; TR 100 (Cassel). Current year final amounts will not be available until late 2018, as further explained by FPUC's witness Matthew Dewey. TR 16 (Dewey). FPUC proposes retaining the estimated annual amount of $844,461, minus the Unprotected Deferred Tax Amortization, as discussed above, of $307,287 for a net benefit of $537,174. TR 100 (Cassel). In light of the Company's earnings posture, as noted above, this amount will provide the Company with further opportunity to earn within its range, while also enabling the Company to extend service at present rates for a longer period, to continue making necessary capital investments, and delay a costly rate proceeding. Id.

As noted above, a portion of the overall annual tax savings that arises from the tax rate reduction is associated with the Company's GRIP mechanism. TR 100 (Cassel). The first component consists of the tax savings on the GRIP surcharge from the Jurisdictional Date through the end of the calendar year. The second component is the impact to the GRIP surcharge for 2019 forward. The tax savings in 2018 will be $1,040,141. For 2019 and beyond, the savings will be approximately $1.2 million. TR 101 (Cassel). The Company proposes to flow the 2018 savings back to customers through the calculation of the 2019 GRIP surcharge. Beginning in 2019, the new tax rate would be incorporated in the calculation of the GRIP surcharge passing the estimated $1.2 million tax benefit on to FPUC's customers.

If the Commission accepts FPUC's proposal to retain a portion of the benefits of the Tax Act, while flowing a significant portion of the benefits back to customers through the GRIP surcharge calculation, FPUC's customers would see not only a reduction to the GRIP surcharge, but extended rate stability. TR 101 (Cassel). The Company would likewise benefit from an improved earnings posture and a healthier fiscal outlook, which ultimately inures to the benefit of FPUC's customers. TR 102 (Cassel).

Analysis

a. Benefits of FPUC's Proposal

FPUC's proposal provides a fair and reasonable balancing of the benefits of the 2017 Tax Act for the benefit of FPUC's customers. TR 102 (Cassel). As it relates to the amounts associated with GRIP, the 2018 amounts will flow back to customers through the 2019 surcharge, while the new surcharge will also reflect the reduction in the tax rate. Where FPUC has proposed to retain the tax benefit, these proposals ultimately benefit FPUC's customers. TR 103 (Cassel).

As it relates to the unprotected EDIT liability associated with the acquisition adjustment, this will be applied as an offset against the remainder of the acquisition adjustment that is yet to be amortized. This will provide a smoothing of the acquisition adjustment remainder, facilitating a more expeditious pay down of the acquisition adjustment balance. TR 99 (Cassel); Hearing Exhibit 2, Hearing Exhibit 10, Hearing Exhibit 12. As for the Unprotected Deferred Tax Asset, FPUC witness Cassel explained that the Company could utilize this amount to offset a portion of the $844,461 per year amortization of Protected EDIT. TR 99 (Cassel). As previously noted, Witness Cassel explained that if the Company is allowed to retain the net protected EDIT benefit of $537,174, this would enable the Company to delay a rate case and would place downward pressure on the rate increase that the Company would be seeking in its next rate case. As for the tax benefit of $1,141,134 associated with the reduction in the tax rate, allowing the Company to retain this benefit will enable the Company to continue investing its facilities without deterioration of its financial posture. TR 98 (Cassel). The record also reflects that, if allowed to take this approach, the Company may be able to avoid customer confusion that would likely otherwise be associated with implementation of a rate decrease resulting from flowing through the tax benefit as a rate reduction, followed, in short order, by a rate increase arising from a full rate proceeding. FPUC's proposals regarding retention of the tax benefits, other than those associated with GRIP, will promote bill stability and may enable the Company to delay a rate case. TR 102 (Cassel). The Commission should consider the importance of rate stabilization opportunities especially those that are grounded with the authority afforded here in the implementation of a federal decision.

b. Current Earnings Posture

FPUC's Commission-allowed earnings range is 9.5% to 11.85%, but the record is clear that the Company is ***currently under earning***. TR 102; 182 (Cassel); Hearing Exhibit 15. Even if FPUC-Gas is allowed to retain the tax benefits as it has requested, the Company's return on equity ("ROE") for 2019 is projected to be only 8.67%. Hearing Exhibit 12. If the Company is required to reduce its base rates in 2019 by $537,174 for the net deferred tax benefit, its projected ROE will be only 8.29%. Its ROE is projected to be even lower at only 7.85% if FPUC-Gas is required to refund the $1,141,134 in annual tax savings, along with the GRIP tax savings it has already proposed to refund. If FPUC-Gas is not allowed to keep any of the tax benefits, FPUC-Gas projects that its 2019 ROE would be 7.74%. Hearing Exhibit 12. Simply stated, this defies logic. Any of these results either drives the Company into a rushed rate case or forces it to deal with an uneconomic result and severe financial duress. Either situation is not good for the Company's customers. The implementation of the TCJA should not result in a company rate case nor harm to the consumers. Such result would be contrary to the stated intent of those that sponsored the TCJA. While retention of the benefits as proposed by FPUC will not enable the Company to earn within its authorized range, it will certainly allow it to earn much closer to its range. This will ensure that the Company remains well-positioned financially pending its next rate case so that it can continue to provide safe reliable service to its customers. TR 103 (Cassel).

OPC's contrasting proposal would have the Company implement base rate reductions to flow back the $537,174 net EDIT amortization amount and the $1,141,134 annual tax savings amount that arises from the tax rate change from 35% to 21%. TR 234-235 (Smith). OPC's witness Smith characterizes the tax reform as an "extraordinary, one-time event that was beyond the control of utility management" and should not, therefore, become a "windfall" for the utility. TR 235 (Smith). OPC's witness fails, however, to fully address the fact that FPUC's proposal does ultimately inure to the benefit of its customers. As explained by witness Cassel, allowing the Company to retain some of the tax benefits will provide immediate financial support to the utility, thereby enabling it to continue to provide reliable service to its customers. It will also delay the additional expense, and likely rate increase, associated with a full rate proceeding. Even when FPUC does find it necessary to seek base rate relief, the Commission can expect that retention of the tax benefit amounts requested by FPUC would be reflected in FPUC's filing and result in a request that is less than it otherwise would be should the Commission require the Company to flow the full tax reform benefit through to customers in its entirety.

c. Commission Authority

This is not the first time the Commission has undertaken the task of determining how the impacts of a federal tax reform should be implemented. As OPC's witness Smith acknowledged, the Commission dealt with similar issues arising from the Revenue Act of 1978 ("1978 Reform"), which gave rise to the Reedy Creek case upon which Witness Smith relies for the proposition that FPUC should not be allowed to retain any of the tax benefits.[4] TR 235 (Smith). OPC's reliance, however, upon the Reedy Creek case is misplaced. On cross-examination, Witness Smith conceded that the Commission's orders underlying the Reedy Creek case, Orders Nos. 8624 and 8624A, reflect that, in addressing the 1978 Reform, the Commission considered the circumstances of the utilities on a case-by-case basis and only required those utilities that were earning above the ceiling of their Commission-approved ROE range to refund the tax benefits arising under the 1978 Reform. TR 311-315 (Smith). As Witness Smith also acknowledged, Reedy Creek was in an over-earnings position at the time of the 1978 Reform; thus, the issue that ultimately came before the Supreme Court in the case cited by Witness Smith was a question of how much Reedy Creek would be required to refund. The Commission had already determined that Reedy Creek would have to make a refund, because it was over-earning. TR 308 (Smith). Witness Smith also acknowledged that those utilities that have more recently agreed to refund the tax benefits arising from the TCJA were earning positive returns at the time of those agreements. TR 320 (Smith).

Witness Smith's refusal to consider FPUC's earnings posture in rendering his opinion on FPUC"s proposals to retain some of the TCJA benefits is contrary to prior Commission policy as reflected in Orders Nos. 8624 and 8624A and overstates the applicability of the Court's conclusions in the Reedy Creek case. As such, his arguments on this point should be rejected.

Conclusion

There is no disagreement between the parties with regard to the calculation of the tax benefit amounts, subject to true up. There is likewise no disagreement between the parties with

[4] Reedy Creek Utils. Co. v. Fla. Public Serv. Comm., 418 So. 2d 249 (Fla. 1982); Hearing Exhibit 17.

regard to FPUC's proposal to flow back to customers the tax benefits associated with the GRIP and to utilize the tax benefits associated with the acquisition adjustment as an offset to the acquisition adjustment amount that remains to be amortized. The record clearly reflects that FPUC is currently earning below its authorized ROE range, and that retention of both the net protected EDIT benefit and the annual tax rate reduction benefit, sans the portion associated with GRIP, will improve the Company's earnings posture, but will not cause it to exceed its authorized range. The record also includes testimony with regard to the benefits that would inure to both the Company and its ratepayers in the event that FPUC is allowed to retain these tax benefits, as well as testimony of OPC's witness acknowledging that FPUC's approach is <u>not</u> inconsistent with the <u>Reedy Creek</u> case or prior Commission policy. As such, the Company respectfully requests that the Commission approve its request to retain the specified tax benefit amounts. Such approval reflects the more reasonable approach to addressing the disposition of the tax benefits and provides the greatest overall benefit for the Company and its customers.

RESPECTFULLY SUBMITTED this 28th day of December, 2018.

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing Post Hearing Statement and Brief of Florida Public Utilities Company in the referenced docket has been served by Electronic Mail this 28th day of December, 2018, upon the following:

Rachael A. Dziechciarz Margo DuVal Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 RDziechc@psc.state.fl.us Mduval@psc.state.fl.us	J.R. Kelly/V. Ponder Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 kelly.jr@leg.state.fl.us ponder.virginia@leg.state.fl.us

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