

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts
associated with Tax Cuts and Jobs Act of 2017
for Florida Power and Light Company

Docket No: 20180046-EI

Filed: February 21, 2018

PREHEARING STATEMENT OF FEDERAL EXECUTIVE AGENCIES

Federal Executive Agencies (“FEA”), through the undersigned attorney, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2018-0209-PCO-EI, issued April 25, 2018, which was revised by Order No. PSC-2018-0278-PCO-EI, issued June 1, 2018, hereby submit this Prehearing Statement.

APPEARANCES:

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Attorneys on behalf of Federal Executive Agencies

1. WITNESSES:

FEA intends to call the following witnesses, who will address the issues indicated:

None for the tax Docket No: 20180046-EI

2. EXHIBITS:

FEA does not intend to submit any exhibits in

None for the tax Docket No: 20180046-EI

3. STATEMENT OF BASIC POSITION

FEA's experts estimate that FPL is presently realizing tax savings as a result of the Tax Cuts Jobs Act. This benefit should be passed along to FPL's customers, to include FEA. FEA argues that it should receive rate reductions on their bills from FPL. In summary, with fair and transparent recognition of the cost savings FPL is realizing as a result of the TCJA, FPL is overearning.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

ISSUE 1: What is the forecasted tax expense for the tax year 2018 at a 21 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 2: What is the forecasted tax expense for the tax year 2018 at a 35 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 3: What is the forecasted NOI for the tax year 2018 at a 21 percent federal corporate

tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 4: What is the forecasted NOI for the tax year 2018 at a 35 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 5: What is the forecasted capital structure for the tax year 2018 at a 21 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 6: What is the forecasted capital structure for the tax year 2018 at a 35 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 7: What is the forecasted jurisdictional adjusted base revenue requirement for the tax year 2018 using a 21 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 8: What is the forecasted jurisdictional adjusted revenue requirement for the tax year 2018 using a 35 percent federal corporate tax rate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 9: What is the annual jurisdictional adjusted base revenue requirement increase/decrease due to the enactment of the Tax Cuts and Jobs Act of 2017 for the tax year 2018?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff's position on this issue.

ISSUE 10: Were “protected excess deferred taxes” for 2018 using a 21 percent federal corporate tax rate appropriately calculated?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 11: Were “unprotected excess deferred taxes” for 2018 using a 21 percent federal corporate tax rate appropriately calculated?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 12: Were Accumulated Deferred Income Taxes (ADIT) for 2018 appropriately calculated?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 13: Are classifications of the excess ADIT between “protected” and “unprotected” appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 14: How should unprotected excess ADITs be flowed back to FPL customers?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 15: How should protected excess ADITs be flowed back to FPL customers?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 18: Should this docket be closed?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

CONTESTED ISSUES

OPC

ISSUE 16: Should FPL seek a private letter ruling from the IRS regarding its classification of the excess ADIT relating to cost of removal/negative net salvage as “protected”?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

ISSUE 17: If FPL seeks a private letter ruling and the IRS rules therein (or issues other relevant guidance) that the excess ADIT relating to cost of removal/negative net salvage is to be treated as “unprotected”, what process should be followed for the reclassification?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

FIPUG

ISSUE A: What is the rate decrease for each customer class resulting from the Tax Cuts and Jobs Act of 2017, if any, and, if so, when will those rate decreases become effective?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

FPL

ISSUE B: How should FPL treat the savings associated with the Tax Cuts and Jobs Act of 2017?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

STAFF

ISSUE C: Does the 2016 Settlement Agreement allow FPL to replenish the Amortization Reserve with the tax savings resulting from the Tax Cuts and Jobs Act of 2017?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete. FEA defers to Staff’s position on this issue.

5. **STIPULATED ISSUES:**

None at this time.

6. PENDING MOTIONS:

None.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

None at this time.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which Federal Executive Agencies cannot comply.

Dated this 7th day of January, 2019

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and foregoing **PREHEARING STATEMENT OF FEDERAL EXECUTIVE AGENCIES** has been furnished by electronic mail on this 7th day of January, 2019, to the following:

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