



# LES COOK, CFA

## CITRUS COUNTY PROPERTY APPRAISER

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### Statement on Duke's proposed Natural Gas generating units

With Duke Energy's projected 2018 completion date for the Natural Gas generating units the following information is helpful to understand the timing, procedure and value impact for Citrus County:

- The completion date is tentative and subject to change,
- Natural Gas generating units will not be assessed and impact our tax roll until 2019 at the earliest,
- The largest part of this new construction value will be in tangible personal property as opposed to real property,
- These plants are planned to serve more than just Citrus County.

In 2019, as occurs every year, the company will file *confidential* tangible returns listing assets along with system-wide valuations which will indicate allocations to each county in their system. Our office will work with knowledgeable experts to perform our own valuation of the Florida System assets to arrive at just values for the assets located in Citrus County. Information will be exchanged and discussions will be held to work towards a value agreement.

Assessments for the assets of energy generating facilities are very complex with many variables involved in the valuation. The cost of construction and other cost based investments is one consideration. Income is another. Units 1 and 2 may be retired when these new units become operational which represents a reduction in taxable value for those units. However, the additional value from the new gas fired units should exceed the loss in value from Units 1 and 2.

Aside from the property tax benefit when the new gas fired plant becomes taxable, there will be a significant local economic benefit during the construction period, with the construction workers living and shopping locally, and the contractors purchasing local materials and services.

Given the many variables and the fact that the completion is many years off, a current value estimate is not available from our office at this time. As we get closer to the completion of these units the company may be willing, in conjunction with the Property Appraisers office, to provide updated estimates on potential taxable value benefits to Citrus County.

Our objective going forward is to have advanced discussions with company officials to establish parameters and lay the groundwork for a valuation of these new assets that is fair to both the company and the citizens of Citrus County.

While it is understandable that there is tremendous interest in this future event, early speculation of tax revenues based on limited facts, before any official filing of tangible tax returns, is likely to lead to erroneous assumptions by government officials and could provide misleading data to citizens.

The following Duke Energy link will provide data on the project status for all interested parties. <http://www.duke-energy.com/CitrusNaturalGas/>

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Citrus County Property Appraiser