BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate increase by Florida City Gas.	DOCKET NO. 20260026-GU ORDER NO. PSC-2026-0334-PHO-GU ISSUED: September 22, 2026

PREHEARING ORDER

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on September 14, 2026, in Tallahassee, Florida, before Commissioner Mike La Rosa, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of Florida City Gas (FCG).

WALT TRIERWEILER, CHARLES REHWINKEL and AUSTIN WATROUS, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Suite 812, Tallahassee, Florida 32399-1400
On behalf of Office of Public Counsel (OPC).

MATTHEW R. VONDRASEK, THOMAS A JERNIGAN, LESLIE R. NEWTON, ESQUIRES, Federal Executive Agencies, 139 Barnes Drive, Suite 1, Tyndall Air Force Base, Florida 32403
On behalf of Federal Executive Agencies (FEA).

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On behalf of the Florida Public Service Commission (Staff).

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Florida Public Service Commission General Counsel.

I. CASE BACKGROUND

On April 20, 2026, Florida City Gas (FCG or Company) filed its petition seeking the Florida Public Service Commission's (Commission) approval of a base rate increase. FCG, a subsidiary of Chesapeake Utilities Corporation, is a natural gas local distribution company providing sales and transportation of natural gas and is a public utility subject to our regulatory jurisdiction under Section 366.04, Florida Statutes (F.S.). FCG serves approximately 125,000 residential, commercial, and industrial gas customers in Miami-Dade, Broward, St. Lucie, Indian River, Brevard, Palm Beach, Hendry, and Martin counties.

FCG initially requested a total base revenue increase of $63.3 million, which consisted of an incremental base rate increase of $46.9 million and reclassification of its Safety, Access, and Facility Enhancement (SAFE) program revenues in the amount of $16.4 million from surcharge recovery to base rates. FCG has updated the requested figures to a total base revenue increase of $63.2 million, with an incremental base rate increase of $46.8 million and reclassification of SAFE revenues remaining at $16.4 million. FCG has stated the $46.8 million is necessary to allow FCG an opportunity to earn a fair return on investment. The Company is requesting 11.25 percent as the mid-point return on equity.

An administrative hearing for this docket has been scheduled for September 28-October 2, 2026. The Intervenors in this docket are the Office of Public Counsel (OPC) and Federal Executive Agencies (FEA).

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapters 120 and 366, F.S. This hearing will be governed by said Chapters and Rules 28-106, 25-7, and 25-22 F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

(1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

(2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. **<u>PREFILED TESTIMONY AND EXHIBITS; WITNESSES</u>**

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five (5) minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness' direct testimony is adverse to its interests.

All parties must refer to the Exhibit Number established by the Comprehensive Exhibit List when referencing an exhibit during cross-examination.

VI. ORDER OF WITNESSES

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

Witness	Proffered By	Issues #
Direct		
Matthew Everngam	FCG	1, 6, 13, 52, 71
Michael Galtman	FCG	9
+David Haag[1]	FCG	29
+John Taylor	FCG	2-3, 5, 53-59, 64
Abhijit Bhatwadekar[2]	FCG	9, 38
Noah Russell[3]	FCG	22-26, 30, 33, 40, 42, 47, 48, 70

[1] Errata filed July 10, 2026.
[2] Errata filed July 10, 2026.
[3] Errata filed July 10, 2026.

Witness	Proffered By	Issues #
Joanah Baugh[4]	FCG	1-2, 5, 7, 9, 12, 14-15, 17-18, 20-21, 23-24, 27, 31, 33-35, 43-46, 48, 50-52, 68-70
George J. Navo	FCG	38, 39, 44, 46, 49
William Haffecke[5]	FCG	8, 10, 38, 49
Brian Gilliam	FCG	18
Kim Estrada	FCG	6, 9
James Kendall	FCG	6
+Dan Noia	FCG	64-66
+Jessica Husted	FCG	2-5, 11, 16, 41, 60-61
+Terry Deason[6]	FCG	13, 44
Tina Barrington[7]	FCG	38-39
Wraye Grimard[8]	FCG	58, 62-68
Christopher C. Walters	OPC	25, 28-30
Lane Kollen	OPC	9, 22-26, 30, 35, 37, 47
Helmuth W. Schultz, III	OPC	4-5, 8, 12-14, 16, 18-21, 23, 25-26, 30, 34, 36-46, 48-52, 70
Michael Gorman	FEA	53-54, 59
Angela Kendrick	Staff	6
Curt Mouring	Staff	As needed

[4] Errata filed July 10, 2026. Second errata filed September 14, 2026.
[5] Errata/Supplemented regarding change to damage prevention system filed August 31, 2026.
[6] Errata filed July 10, 2026. Errata for rebuttal testimony filed September 14, 2026.
[7] Errata filed August 21, 2026.
[8] Errata filed August 28, 2026.

Witness	Proffered By	Issues #
Rebuttal		
William Haffecke	FCG	8
Joanah Baugh[9]	FCG	5, 14-15, 21, 31, 43, 49, 70
George Navo	FCG	14, 21, 38-39
Noah Russell	FCG	22-23, 26, 28, 30
Michael Reno	FCG	22-23, 47, 70
Matthew Everngam	FCG	4, 13
Michael Galtman	FCG	13, 19, 34, 36-37, 70

VII. BASIC POSITIONS

FCG: FCG's last rate relief request was filed on May 31, 2022. That request was fully litigated, and the Commission's decision was memorialized in Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU ("2022 Rate Order"). Since its last rate case, FCG has been acquired by Chesapeake from FPL. It has also grown by several thousand customers and facilitated significant distribution pipeline projects to provide service to new customers and also to begin enabling practical solutions for capacity constraints in the southern portions of its service area. Throughout this period of growth and change, FCG has maintained its focus on its customers, which has driven its desire to implement new technology that will further enhance its customer service and customer communications. While the Company has kept its focus on its service, the core principle for everything the Company does is founded upon safety - both for its customers and its employees. This core value has driven improvements in the Company's distribution facilities. As will be demonstrated by the testimony provided in this case, the past 4 years have seen the Company evolve and grow due, in large part, to its new parent company's experience in the natural gas industry and strategic approach to expanding the availability of gas to customers in southeast Florida in a safe and reliable manner.

As a wholly-owned subsidiary of Chesapeake, FCG now benefits from the parent company's extensive experience in the natural gas industry, as well as its long-term

[9] Errata filed September 14, 2026.

commitment to operational excellence and disciplined investment. Chesapeake also owns Florida Public Utilities Company, reflecting CUC's experience and knowledge of the Florida natural gas market. The CUC operations in Florida, as a whole, are well-positioned to leverage shared capabilities, enhance system resilience, and support continued infrastructure modernization. FCG rate payers benefit from infrastructure and safety improvements, as well as the focus on increased capacity for peak load. Other major modernization initiatives, such as the 1CX Customer Experience Platform and the new ERP system will eliminate aging systems that are costly to maintain and elevate FCG to industry-standard technology. The overall benefits to customers when these projects are fully realized will be increased reliability, enhanced safety and customer service, as well as business efficiencies that, in the longer term, are expected to mitigate future rate increases. These investments are essential to improving system performance, enhancing cybersecurity, and supporting customer service enhancements. As FCG's parent, CUC has the ability to realize these goals by virtue of its significant experience in this industry, its prudent cost management and capital deployment practices, and its ability to access to capital on favorable financial terms.

Nonetheless, as it currently stands, the Company's current rates and charges no longer allow it to earn a fair and reasonable rate of return, nor do they yield reasonable compensation for services provided, which FCG is entitled to under Section 366.06(3), F.S. As detailed in FCG's testimonies and exhibits, the Company's December earnings surveillance reports and 2026 forecasted earnings surveillance report filed with the Commission demonstrate that FCG has continually earned and expects to earn at or below the bottom of its authorized ROE range each year since its last general rate case. Further, based on the Company's projected 2027 financial forecast, FCG projects that its earned ROE will be significantly below the bottom of the current authorized ROE range in 2027 without rate relief.

FCG operates a capital-intensive business that requires sustained long-term investment to maintain safe, reliable, and resilient natural gas service. Since its last rate case, FCG has experienced cost pressures that exceed inflation, including increases in materials, labor, insurance, and property-related expenses, as well as the need for additional staffing and programs to meet customer growth and operational expectations. A primary driver of the requested rate relief is the substantial increase in capital investment required to maintain and enhance the Company's natural gas distribution system. The Company has undertaken major infrastructure improvements to support system safety and reliability, accommodate customer growth, and address capacity constraints.

In addition to capital investments, FCG faces rising O&M costs that exceed general inflation, such as labor expenses, increased property taxes, insurance cost escalation, and the impacts of supply chain pressures on materials and contracted services. In particular, CUC's changes in insurance premiums continue to be driven by increased exposure from growth, reduced carrier capacity, and overall market conditions in the power and utility sector. Over the last two years, CUC has experienced cost increases across its primary casualty, excess liability, and property programs, while executive risk coverages — including cyber — have remained relatively flat. Excluding excess liability coverage, primary casualty insurance has increased approximately twenty-nine percent over the last two years. This increase reflects a shrinking number of participating carriers due to industry consolidation and a shift toward higher minimum deductibles. Notably, the utility and energy sectors have also experienced their own elevated loss trends, further influencing pricing. These factors together have driven an approximately 30 percent increase in CUC's excess liability premiums over the last two years.

Another major driver of the Company's request is the need for technological transformation. FCG's legacy systems are no longer adequate to support the scale, complexity, and cybersecurity requirements of a modern natural gas utility. CUC's initiative to replace outdated systems with integrated, secure, and efficient technology that enhances billing accuracy, strengthens internal controls, improves customer interactions, and supports long-term operational planning will improve all CUC affiliates, including FCG. Additionally, efficiencies, in the longer term, are expected to put downward pressure on future rate increases. The investments underlying this request are focused on enhancing system reliability and resilience, improving customer service, modernizing critical systems, and preparing for future technologies.

Before filing this request, the Company undertook appropriate steps to attempt to defer the need for rate relief, including implementing operational efficiencies, such as shared operating resources with its other Florida business unit, FPUC. In addition, the Company did delay the filing of this case while FCG's most recent depreciation study was before the Commission.

However, as evidenced by FCG's under-earnings and related need to utilize the RSAM mechanism approved in its last base rate case, the revenues and rate relief authorized in FCG's 2022 rate case ultimately proved to be insufficient to allow the Company an opportunity to earn within its approved earnings range for any extended period of time. Accordingly, a rate increase has become necessary to generate the revenues necessary to allow FCG a reasonable opportunity to recover its prudent investments, maintain financial stability, and earn a fair rate of return. This will, in turn, support CUC's ability to attract capital at reasonable terms to the benefit of FCG, as well as the Company's continued investment in the infrastructure and systems required to serve customers safely and reliably.

As detailed herein and in FCG's evidence in this case, FCG's request includes certain components that are essential to the Company's ability to continue to provide safe and reliable service to its customers, while also ensuring that it is able to provide service to those customers consistent with 21st century service expectations, as well as heightened security requirements. Thus, FCG's request includes: (a) a single incremental base rate increase of $46.8 million to become effective on January 1, 2027; (b) reclassification of SAFE revenues in the amount of $16.4 million; (c) a capital structure and ROE that provide the necessary financial support and enable FCG the opportunity to earn a fair and reasonable return; (d) continuation of the storm damage reserve previously approved in the Company's 2018 Settlement and maintained in the 2022 Rate Case; (e) expanded deployment of AMI meters; and (f) retention of the unamortized amount of the acquisition adjustment originally approved by Order No. PSC-2007-0913-PAA-GU. Approval by the Commission of the requested rate relief will ensure that FCG can continue meeting customer expectations, maintain system safety, and support long-term infrastructure resilience and growth in a prudent and financially sustainable manner. Using a projected test year ending December 31, 2027, the Company is seeking an increase in its base rates of $63,163,068. Of that amount, $16,402,944 is associated with moving the Company's current SAFE investments as of December 31, 2026, into rate base and resetting the SAFE surcharge to $0, as contemplated by Order No. PSC 2015-0930-TRF-GU. The additional $46,760,124 is necessary to allow FCG an opportunity to earn a fair return on investment.

2004 Acquisition Adjustment

As noted, FCG seeks to retain the 2004 Acquisition Adjustment on its books until fully amortized. To be clear, the only acquisition adjustment FCG is addressing at this time is retention of the previously approved 2004 acquisition adjustment. The inclusion of the 2004 Acquisition Adjustment and related amortization in base rates is consistent with the treatment for any other regulatory asset or liability that FCG had in its books when it became a wholly-owned subsidiary of Chesapeake. While FCG has been acquired three times since that initial acquisition by AGL Resources, based upon the Commission's analysis of the five-factor test and FCG's situation before it was acquired by AGL, the evidence will demonstrate that FCG has retained the benefits found by the Commission in Order No. PSC-2007-0913-PAA-GU with each subsequent acquisition. There is no need to make an adjustment to remove the 2004 Acquisition Adjustment and associated amortization from FCG's 2027 Test Year, nor would it be fair to do so.

Retention of the 2004 Acquisition Adjustment still meets the Five-Factor Test. FCG saw cost savings as a result of the 2004 acquisition from NUI, and as shown in Exhibit ME-3, these savings continue. Specifically, Exhibit ME-3 reflects that appropriate starting point for the analysis, which are the prior period costs under NUI's ownership. Starting with 2003, Exhibit ME-3 compares the actual cost of the acquisition adjustment by year to the current savings in order to support the continued benefits. The Commission should find that savings still exist and that retention of the acquisition adjustment on FCG's books is still supported by the Five-Factor Test.

ERP

The implementation of Chesapeake's ERP follows two previous SAP related implementations of the billing systems for CUC's legacy distribution businesses and FCG, both of which were completed on time and further support our position to utilize year-end 2027 versus a 13-month average. For FCG, the ERP program provides a centralized software program that enables consistent business processes, improved data integrity, and enhanced business decision-making using financial and operational data. By reducing reliance on fragmented systems and manual processes, the ERP platform serves to strengthen internal controls, improve regulatory reporting, and support future growth as FCG grows to meet the needs of its customers. The system is being implemented across CUC's business units; as such, the ERP-related allocation to FCG should be allowed.

AMI

FCG's planned AMI implementation aligns with these established industry practices and reflects a prudent, forward-looking investment in system safety, operational efficiency, and customer service. The AMI deployment is a prudent, necessary investment supported by a completed vendor evaluation and selection process, industry-standard phased deployment practice among peer gas utilities, and identifiable customer and safety benefits, including the integrated safety features of the ultrasonic smart meters. The contingency is reasonable, the 13-month average rate base treatment is correct, and the Company has deliberately limited its request by excluding the corporate Itron communications and software costs from this proceeding. The associated $284,739 in annual operating expense and the derivative depreciation adjustments should be approved along with the plant. To the extent the Commission approves the AMI plant additions — as it should — the associated depreciation expense and accumulated depreciation follow with the plant and should likewise be approved.

To leverage existing Company-owned assets that still have a significant remaining depreciable life, FCG will install ERT devices on meters that are 7.5 years old or newer. Meters older than 7.5 years will be replaced with new smart meters. As ERT-equipped meters age out over time, they will be replaced with ultrasonic smart meters through FCG's aged-meter replacement program. This phased approach reduces up-front capital requirements while still enabling the long-term transition to full AMI functionality. Ultrasonic meters provide highly precise, solid-state gas measurement without moving mechanical parts, eliminating the wear and calibration issues associated with traditional diaphragm meters. Beyond improved accuracy, these ultrasonic smart meters incorporate advanced integrated safety features designed to enhance protection for both customers and employees. These capabilities allow the utility to rapidly identify leaks, fire events, tampering, or pressure abnormalities. In many cases, the meter can automatically shut off gas flow to prevent escalation, improving overall system safety and reducing risk to Company personnel and the public.

Benefits of Acquisition by CUC

CUC engaged in a substantial due diligence process before committing to acquire FCG, including a review of financial statements, operational data, regulatory filings, capital plans, information technology systems, personnel, environmental compliance, and legal matters. CUC also engaged top legal and financial advisors to assist it in the due diligence, negotiation and consummation of the transaction. The due diligence process was appropriate for an acquisition of this size and complexity.

It is critical here to recognize that CUC, at its core, is a gas distribution company, with extensive knowledge of doing business in Florida. This focus and experience allowed CUC to provide improvements and renewed dedication to the safety, reliability and integrity of FCG's gas infrastructure and facilities. FCG is now benefiting from the experience that CUC brings from operating other, similarly-situated natural gas utilities, including FPUC. CUC has been a leader in providing safe, reliable service to its customers including over 230,000 natural gas customers in Florida. FCG's focus on safety is at the forefront of all decisions and is being enhanced through investments in training facilities and our partnerships with local communities. Under CUC, FCG is prioritizing reliability projects and is dedicated to solving capacity issues, especially in South Florida. FCG also anticipates that through the implementation of technology addressed in this request, such as the new ERP system, and with additional time to realize and leverage efficiencies across the CUC platform in Florida, FCG will find more ways to mitigate inflationary factors and improve cost savings for its customers.

Every well-run acquisition benefits from the combined strengths of the acquiring and acquired organizations. In acquiring FCG, CUC anticipated leveraging its operational experience, technology platforms, regulatory expertise, financial resources, and management capabilities for the benefit of FCG. CUC also expected to benefit from increased scale, improved business processes, enhanced technology capabilities, and opportunities to avoid duplicative investments over time. These types of benefits are qualitatively different from a direct one-for-one reduction in operating expenses. Likewise, many acquisition benefits are realized through improved capabilities, risk reduction, stronger operating performance, enhanced customer service, access to expertise, and avoidance of future expenditures. While those benefits may provide value to both customers and shareholders, and potentially savings, the fact that FCG has not yet quantified those savings does not indicate: 1. that FCG will not be able to demonstrate savings in the future; and 2. that FCG has somehow inappropriately funneled savings to its investors. Moreover, the fact that FCG was previously owned by an efficient, well-run electric utility does not foreclose the possibility that an energy company that focuses on natural gas distribution service, with vast experience and expertise in providing natural gas service, will be able to better manage and improve the performance of FCG. The evidence that FCG will provide in this proceeding, as supported by its parent CUC, is fact-based and data driven and will not be undone by unsupported allegations.

OPC: Florida City Gas ("FCG") may have filed this case under its name, but it is almost entirely Chesapeake Utilities Corporation ("CUC") and its shareholders' efforts to extract excessive profits to the detriment of, and by injecting enormous costs into the monthly bills of the FCG customers.

This point was exemplified before the Commission by a humble and polite FCG customer. Recent retiree Elizabeth Nolan, who has lived in her house since the 1960s, took time out of her day at 10am on a Monday to provide testimony on FCG's excessive request. Apologizing for using "such a strong word[s]" by calling CUC "greedy," Ms. Nolan absolutely nailed it when she chastised CUC, stating, "***[y]ou just got the company and already you are milking the basic customers***."[10]

Ms. Nolan's testimony was spot on. CUC's milking of FCG customers commenced in earnest on December 1, 2023, the day after it paid $923 million for a company this Commission had valued at only $457 million just six months earlier. The milking machine ramped up to full speed when CUC invoked the self-interested measure of making a joint section 338(H)(10) election with the seller. This required the buyer to pay more for FCG so that CUC could step up the basis of the assets it acquired to include the goodwill for accelerated tax depreciation purposes. This allowed CUC to deduct the goodwill for income tax purposes on its consolidated income tax return as additional accelerated tax depreciation over 15 years ($466 million total).

The casualties of this back-of-the-dairy-barn transaction were the FCG customers, like Elizabeth Nolan, who prepaid income taxes for future payment to the United States Treasury. Her prepayments – recorded as accumulated deferred income tax credits or ADITs and those of a hundred thousand other captive customers, totaling over $38 million – were lost to her. Ms. Nolan's prepayments were recaptured by the seller to help pay the seller's taxes on the windfall that CUC paid to get a seat on the milking stool. This magic milking stool will produce almost a half billion dollars in tax benefits and over a half billion dollars in profitable investments for CUC in Florida. Meanwhile, outside the barn, the customers continue to face spiraling costs, beginning with this case.

Based on her keen and pithy observations, Ms. Nolan would probably not be the least bit surprised to learn that two large corporations had gotten together and

[10]August 17, 2026, 10 AM Service Hearing, video record beginning at 15:15, https://psc-fl.granicus.com/player/clip/5001 .

greased each other's palms to reap enormous tax benefits, while leaving the defenseless[11] FCG customers to pick up the tab. Some callous individuals might call the FCG case presented by CUC in this docket "a standalone" utility filing undeserving of close scrutiny for unwarranted shareholder overreach. Those individuals would be wrong. This filing reeks with affiliated abuse. The record will reveal multiple attempts at unconscionable extractions from FCG's captive ratepayers for the benefit of CUC's shareholders. The evidence of milking was also visible when FCG went to the market and, to facilitate the purchase, borrowed over $500 million in long term debt at excessive rates (double the rate under the prior owners and materially above what the legacy CUC customers in Florida pay) so that it could unlock enormous profits for its shareholders. CUC now seeks, through an affiliate transaction, to force Ms. Nolan and her neighbors down at "the inner city parish," who are already discouraged by "big business,"[12] to pick up the tab for extra cost of this debt.

Additionally, soon after the transaction closed, CUC promptly began increasing the affiliate charges to the utility it just "got." The milking continues – as yet unabated – as increased executive salaries and incentive compensation charges flooded into the FCG income statement. Corporate costs that would otherwise be the responsibility of other CUC legacy systems were offloaded onto FCG, making those companies' burdens now FCG's.

The milking did not stop there. CUC has used the $21 million balance from the $25 million Reserve Amount, along with the associated Reserve Surplus Amortization Mechanism ("RSAM") device – expertly sized by the former owner to last over a four year period – to prematurely soak up $21 million of costs in a 13-month period when that balance was supposed to fully last the remaining 37 months (or until December 31, 2026). Some of these sponged-up costs included transaction and acquisition costs of the FCG sale that was only conceived for the benefit of the CUC shareholders. These acquisition-related costs have been transferred to FCG's rate base and are still being passed on to customers today, absent the Commission's active supervision.

That still was not enough activity in the CUC dairy yard. In 2025, CUC sought to reach down and grab another $27 million pail (or "tranche" in the non-dairy world) of bogus depreciation expense to continue with the milking. Fortunately, this effort was squeezed off before it was productive for CUC. Nevertheless, even the attempt indicated that CUC was determined to force FCG customers to pay for its purchase

[11] FCG customers, like those of any investor-owned gas or electric utility in Florida, do not have the protection of a Commission with advance merger and acquisition authority. Transactions are reviewed after the fact and absent vigilance by the Commission and its staff (certain of which tend to myopically view the subsidiary of a new owner as a hermetically sealed "standalone" entity with its own books and records devoid of outside influence or control), these customers are at the mercy of aggressive efforts to make them pay to be bought and sold with impunity.
[12] Nolan testimony beginning at around 15:40, https://psc-fl.granicus.com/player/clip/5001.

of FCG. That activity illustrates the theme of this case. Elizabeth Nolan was right: the basic customers are only there to be used.

The customers should not be forced to pay higher rates merely because their monopoly, a regulated natural gas provider, has been passed around among three different owners in a 5-year period. This churning has provided huge benefits to shareholders while providing little if any value to customers. The evidence in this case overwhelmingly demonstrates that immediately prior to CUC ownership, FCG was a well-run company providing service that, within the same 90-day period, the Commission found was providing the same adequate level of service as was the legacy CUC gas utility in Florida. The evidence in this case will show that the level of service that FCG customers have received since June of 2023 has maybe even declined.

Contrasted with that decline in service is a proposed rate increase that is premised on enormous increase in costs intended to force FCG customers to pay for the privilege of being bought by CUC and to help share in the cost of the legacy CUC companies to upgrade their systems in a plan that was underway before FCG was purchased. CUC executives made it very clear that the acquisition of FCG was for the purpose of enhancing shareholder value. As noted above, a brazen example of this was the agreement to pay the seller more so that CUC could receive a $466 million tax deduction. This only benefited the consolidated CUC shareholders in boosting shareholder value by reducing their taxes and offsetting their taxes payable on the future profits to be extracted from FCG's and other regulated utilities' customers. The price the customers paid for this completely non-regulated tax benefit was the loss of the bill-lowering, cost free capital represented by the accumulated deferred income taxes customers had prepaid in their rates.

The Commission is obligated to protect customers from this blatant abuse. The Commission is only authorized to review these acquisition transactions in the rear view mirror and on a time frame completely controlled by the utility. Unlike the rest of the nation, Florida does not review mergers and has no authority to protect customers on the front end from abusive merger and acquisition terms. This makes it imperative for the Commission to be extra vigilant on the backend, when the company like here chooses to seek a change in rates or approval of an acquisition adjustment, in ferreting out and correcting abusive acquisition terms for which there is zero oversight by the regulator at the time the deal is struck.

OPC experts Helmuth (Bill) Schultz, III. and Lane Kollen present the Commission commonsense adjustments that can be implemented to neutralize the abuses and to protect customers from shareholder overreach. The answer is not that the Commission's hands are tied and they have to sit on them because someone cries out, "It's a standalone utility and you have to allow whatever their accountants write down on a piece of paper." FCG is a fully CUC-controlled subsidiary and CUC carefully and intentionally structured the transaction to maximize its financial and income tax benefits, all of which come at the expense of the customers. The affiliate transactions in the form of diverted ADITs, bloated debt, and increased shareholder-centric incentive compensation are within the Commission's authority to review and exclude or otherwise adjust on behalf of the customers.

Our cost of capital expert Chris Walters presents the Commission a common sense return on equity recommendation of 9.45%, which is only 5 basis points below the current Commission established ROE of 9.5%. FCG witness Haag offers an out of step and unrealistic 11.25% ROE which is 30 basis points higher than the nominal midpoint that FPL gave itself in the settlement deal it struck with itself. It is time for the Commission to pay more than lip-service to the affordability crisis and require shareholders to live within the same means in which customers are increasingly being forced to live (and in which they increasingly suffer).

One note on the capital structure. The Commission should be mindful that the ROE is a profit determination on the equity component of what is a hypothetical projected capital structure that is abusively controlled by CUC. Since the first half of 2023, CUC has receive an undeserved windfall of approximately $12 million of a return on phantom equity. FCG was awarded an equity ratio of 59.6%, and legacy Chesapeake Florida natural gas operations were awarded a faux-precision 55.1% equity ratio. Rates were set using these numbers. Because of decisions made solely by CUC shareholders, these levels were never reached, even though rates were specifically established under the representation under oath that they would be. Not a finger was lifted by the Commission to address this gross misrepresentation that resulted in an unwarranted overcollection. Customers are wondering what remedy there is to get this overcollection back.

Why is this an issue in this case, you ask? While the OPC has not taken issue in formal testimony with the projected 50.14% equity ratio (there is that highly specific, to-the-decimal-point number again) requested in this proceeding, evidence has recently surfaced in this case that could cause that to change. When CUC issued new debt to acquire FCG for the benefit of its shareholders, it pushed down the equity ratio into the 47%-48% range, thus reducing its cost structure, at least the equity cost component, despite the fact that it continued to recover revenues based on the authorized 59.6% equity ratio. CUC retained and will continue to retain this over-recovery until base revenues are reset in this proceeding. Taxable profit revenue streams embedded in rates and bills were replaced by tax deductible debt costs. The cumulative delta for this amount approaches $12 million for 2023-2025. The evidence in this case is that CUC remains on the lookout for future acquisitions through which it can allocate the costs, not only of the acquisition itself, but also its capital structure and the related financing costs, as well as its corporate overheads, in order to maximize the value of these acquisitions to its shareholders without consideration of the costs to its customers. If so, it could mean that yet again the sworn, projected equity ratio target upon which the Company would have the Commission set rates, will yet again be unmet. For this reason and based on this history, the OPC will petition the Commission to grant an equity ratio more in line with historical results.

FEA: FEA filed testimony regarding class cost of service ("CCOS") and rate design. FCG's CCOS study classifies allocation of distribution and main costs based on both demand and customer components. FEA supports this classification as it more accurately aligns with how these cost are incurred in order to provide service to each of the rate classes.

FEA also addresses FCG's development of the demand or capacity cost allocation factor. The company develops a capacity or demand allocation factor based on equal weighting of monthly peak sales and average annual sales. This is problematic. Capacity costs are designed to serve peak day or peak hour demand, and the Company's proposal does not address actual peak demands and the ability to provide firm service.

FEA also addresses FCG's proposed revenue spread. FCG's proposal moves residential and certain commercial customer classes further away from cost of service. FEA recommends a revenue spread that moves each rate class towards cost of service, with moderation and gradualism in keeping with fundamental rate making principles.

STAFF: 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.

VIII. ISSUES AND POSITIONS

TEST PERIOD AND FORCASTING

ISSUE 1: **Is FCG's projected test period of the twelve months ending December 31, 2027, appropriate?**

FCG: Yes. The Company seeks an increase in base rates effective January 1, 2027. Accordingly, 2027 is the most appropriate year to evaluate the Company's projected revenue requirements to afford the appropriate match between revenues and revenue requirements. (Everngam, Baugh)

OPC: FCG has not demonstrated that the costs that is has projected for inclusion are representative of conditions that will be in representative of the time that new rates (if an increase is granted) will be in effect.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 2:</u> **Should the Commission approve FCG's forecasts of customers and therms by rate class for the 2027 projected test year? If not, what adjustment(s) should be made?**

FCG: Yes. The forecasting methods and input assumptions used by FCG to forecast customers and therms by rate class for the 2027 projected Test Year are reasonable and appropriate. Likewise, the forecast of customers and therms by rate schedule is consistent with the sales and customer forecast by revenue class and reflects the billing determinants specified in each rate schedule. (Baugh, Taylor, Husted)

OPC: No.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 3:</u> **Should the Commission approve FCG's estimated revenues from sales of gas by rate class at present rates for the 2027 projected test year? If not, what adjustment(s) should be made?**

FCG: Yes. FCG's sales forecasts were developed using econometric and regression models that are statistically sound and rely upon reasonable drivers. The forecasted billing determinants for non-weather sensitive and negotiated rate customers were based on actual historical values from the historic base year adjusted for known and measurable changes and then projected using these billing determinants multiplied by their applicable rates. As a result, FCG has correctly estimated the 2027 revenues from sales of gas at present rates, as reflected in MFR E-1. (Taylor, Husted)

OPC: No.

FEA: 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.

STAFF: No position at this time.

ISSUE 4: **Should the Commission approve FCG's estimated amount of Total Miscellaneous Revenue and estimated amount of Third Party Supplier revenue at present rates for the 2027 projected test year? If not, what adjustment(s) should be made?**

FCG: Yes. Projected miscellaneous charge revenues were properly calculated by applying the proposed service charge amounts previously discussed to a projected level of occurrences for each charge category. Third Party Supplier revenues were projected using the current tariff rates multiplied by actual historical number of suppliers and forecasted billing determinants of transportation customers used in MFR Schedule G2-8. Late payment and Insufficient Funds (NSF) charges were projected using a 3-year average based on actual historical revenues. Water heater interest was projected using actual historical revenues trended for growth and inflation at a rate of 3% per year. In addition, in accordance with our tariff, fifty percent (50%) of all off system sales ("OSS") net revenues shall be retained by the Company. The remaining fifty percent (50%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of gas recovered through the Purchased Gas Cost Recovery Adjustment Clause." *FCG Tariff Volume No. 11, Original Sheet No. 71*. OSS sales are considered as part of the PGA mechanism and not part of base rates, therefore it is appropriate that the 2027 projected balance for OSS is zero. (Husted, Noia, Everngam)

OPC: No. Projected test year revenues should be adjusted. Miscellaneous Revenue should be increased $820,022. Other Revenue should be increased $1,004,899. Finally, test year revenues should be increased at least $1,564,274 to reflect inclusion of Off-system Sales in base rates based on historical results. Revenues should be increased at least $3,389, 195 before considering any adjustment that might be required if adjustments are made to the revenue forecast. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 5: **Should the Commission approve FCG's estimated amount of Total Operating Revenue at present rates for the 2027 projected test year? If not, what adjustment should be made?**

FCG: FCG has correctly projected its Total Operating Revenue at present rates for the projected test year 2027. No adjustments are necessary or appropriate. (Husted, Baugh, Taylor)

OPC: No. See OPC position on Issue 4. (Schultz)

FEA: 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.

STAFF: No position at this time.

QUALITY OF SERVICE

ISSUE 6: Is the quality of service provided by FCG adequate?

FCG: Yes. FCG has a high level of customer service and yet it is continually striving to enhance its service to customers. The Commission held a total of three customer service hearings, with two held virtually and one held in-person. At these hearings, a total of 6 individuals appeared, and none expressed a negative view of the service quality provided by FCG. FCG has also migrated into CUC's CIS and asset management systems, adopted CUC's operations and construction procedures, and is continuously finding ways to enhance system safety and reliability through pressure improvement and SAFE projects. (Estrada, Kendall, Everngam)

OPC: The evidence received so far has not demonstrated that service quality has improved under CUC ownership.

FEA: 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.

STAFF: No position at this time.

RATE BASE

ISSUE 7: Has FCG made the appropriate adjustment to rate base to transfer the Safety, Access, and Facility Enhancement (SAFE) investments as of December 31, 2026, from clause recovery to base rates?

FCG: Yes. Consistent with Order No. PSC-2015-0390-TRF-GU in Docket No. 20150116-GU and as reflected on MFR Schedule G1 page 4, $110.9 million net of accumulated depreciation of SAFE investments through December 31, 2026, were transferred from surcharge recovery to base rates in the 2027 Test Year. (Baugh)

OPC: No position.

FEA: 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.

STAFF: No position at this time.

ISSUE 8: **Should FCG's proposed Advanced Metering Infrastructure (AMI) costs be included in the 2027 projected test year? If so, what amounts, if any, should be included?**

FCG: Yes. Consistent with its adoption by FCG's industry peers, AMI is a mature technology and its full deployment across FCG's system will improve operational efficiency, safety, billing accuracy, and system visibility. As a first step in that deployment, FCG has included the costs associated with AMI-capable meters and meter installations for recovery in this case, as reflected in the plant additions on MFR G1-24 and G1-27 with a phased deployment in Rockledge and Port St. Lucie, where existing meters were already in need of replacement. FCG's deployment of this technology is thoughtful and reasonable and reflects adoption of technology that has become an industry standard. As such, the meter costs reflected in the MFR G1 schedules should be included. (Haffecke, Gilliam)

OPC: No. FCG's proposed AMI cost of $18,141,069 should be excluded from the 2027 projected test year. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 9: **Should allocated costs associated with the proposed enterprise resource planning (ERP) program be included in FCG's 2027 projected test year, approved for a subsequent step rate increase upon completion, or afforded some other treatment? What adjustments, if any, should be made to the costs allocated to FCG?**

FCG: The full investment and operating costs associated with the ERP allocation to FCG should be included in the projected test year. However, in the alternative, FCG suggests that a step rate increase upon implementation would also be a means to appropriately address the investment and allocated costs. Implementation of the ERP program across CUC's platform, including FCG, is a multi-year initiative to modernize and integrate core financial and operational business systems centered around SAP, a leading provider of enterprise resource planning software solutions. The ERP will replace outdated, difficult-to-support systems that are difficult to maintain and pose potential security risks. Implementing the SAP software will allow CUC, and FCG, to manage and integrate their core business activities within a single system and will integrate with the new CIS system. The new ERP system will be built from SAP and will integrate and streamline the core finance and general ledger accounting system, construction and project management, asset management, and procurement processes and will also modernize CUC/FCG's employee management systems. Beyond operational efficiencies, this investment is expected to optimize workforce needs, enhance productivity, improve customer and employee safety, and reduce future operating costs.

For FCG, the ERP will provide a centralized software program that enables consistent business processes, improved data integrity, and enhanced business decision making using financial and operational data. By reducing reliance on fragmented systems and manual processes, the ERP platform serves to strengthen internal controls, improve regulatory reporting, and support future growth as FCG grows to meet the needs of its customers. Investing in the ERP platform now allows CUC and FCG to proactively manage growth, improve efficiency, and mitigate higher cost increases that would be expected with the legacy information technology platform. This approach is consistent with Florida Public Service Commission standards that encourage timely, prudent investments that support reliable service, regulatory transparency, and the long-term interests of customers. From a timing perspective, addressing these resource and talent challenges now allows the Company to stabilize its operating environment and avoid escalating support costs in the future. Deferring modernization would increase dependence on scarce resources, increase operational risk, and ultimately place additional cost pressure on customers. Investing in a modern ERP platform supports a more efficient workforce model, strengthens internal controls, and positions the Company to operate sustainably as an integrated utility organization. The ERP program establishes a consistent technology platform and set of operating practices that can be leveraged by CUC's businesses. Operations at FCG will benefit from process standardization and integration, improved data quality and visibility, increased operating efficiency, stronger internal controls and enhanced governance and scalability to support cost effective operations and a high level of customer service.

Ultimately, the SAP system will allow FCG to operate more efficiently over time and support reliable service at a reasonable cost to customers as demand for natural gas service increases and regulatory requirements continue to evolve. SAP as the ERP solution and the implementation approach are prudent for FCG because they leverage a proven, industry standard software platform, emphasize process standardization over customization, and are supported by an experienced implementation partner (IBM) with a demonstrated track record in utility ERP transformations. Moreover, combining the ERP program with the 1CX system, modernizes and integrates FCG's core financial and operational systems into a single, integrated platform, replacing fragmented legacy tools and reducing reliance on manual processes and complex reconciliations. Together, 1CX and ERP reflect a continuation of Chesapeake's strategy of investing in people, processes, and technology to strengthen service capability, improve data integrity and governance, and support efficient and affordable service in the future. The Company has included, in the projected test year, FCG's allocated portion of the full rate base of $23,584,551 and annual expense recovery on the ERP system of $2,635,078 (net of tax). The total revenue requirement for the ERP system in FCG's projected test year is $6.2 million. (Galtman, Bhatwadekar, Estrada, Baugh)

OPC: No, not as proposed. FCG's proposal to annualize the per books test year rate base and related depreciation expense from a half year to a full year should be denied. This will reduce the Company's rate base by $10,826,950, net of accumulated depreciation, and reduce the related depreciation expense by $601,501. (Kollen)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 10:</u> **Should FCG's proposed Advanced Mobile Leak Detection (AMLD) costs be included in the 2027 projected test year? If so, what adjustments, if any, should be included?**

FCG: Yes. These vehicles will enable the Company to perform leak surveys much more efficiently and accurately. Among other things, the vehicles are equipped with advanced sensors that detect methane and ethane at parts-per-billion resolution. They are also far more precise than handheld detectors and capable of identifying even the smallest leaks before they escalate into safety hazards. In addition, these vehicle-mounted systems can survey large areas quickly, covering miles of pipeline in a fraction of the time compared to foot patrols, providing real-time data collection, which reduces the time between detection and repair. They also integrate with GIS mapping and atmospheric modeling, providing detailed leak location, severity, and plume analysis, which will enable FCG to prioritize repairs based on leak size and risk. (Haffecke)

OPC: FCG has not demonstrated that the AMLD solution is the most reasonable and cost-effective approach to leak detection and that the costs represent a prudent approach to providing service.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 11:</u> **Is FCG's adjustment to move existing Area Extension Plan (AEP) projects into rate base appropriate?**

FCG: Yes. The Company is proposing to discontinue the current AEP surcharges when new rates go into effect for existing projects and to transfer all un-recovered excess construction costs from the current AEP program as of December 31, 2026, to the applicable capital plant construction account. This is similar to the approach approved by the Commission in FPUC's 2022 rate case in Order PSC-2023-0103-FOF-GU. (Husted)

OPC: FCG has not demonstrated that this transition in approach has been accurately presented in such a way that it is properly reflected in the determination of working capital.

FEA: 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.

STAFF: No position at this time.

ISSUE 12: Has FCG made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital?

FCG: FCG has no non-utility activities; therefore, no adjustment was made or was necessary. (Baugh)

OPC: No.

FEA: 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.

STAFF: No position at this time.

ISSUE 13: Should any adjustments be made to the amounts included in the 2027 projected test year for the 2004 Atlanta Gas and Light Resources (AGLR) acquisition adjustment and accumulated amortization of acquisition adjustment?

FCG: No. First, FCG has not requested Commission approval of an acquisition adjustment related to the acquisition from FPL in December 2023, nor has it included any associated acquisition adjustment in its 2027 Test Year. Rather, FCG carried over the actual amounts reflected on its balance sheet at the time of the acquisition from FPL in December 2023, which included FCG's existing positive acquisition adjustment and associated accumulated amortization related to AGLR's acquisition of FCG in 2004, which was initially approved by Commission Order No. PSC-07-0913-PAA-GU in Docket No. 20060657-GU ("AGLR Order"). This acquisition adjustment survived subsequent acquisitions by Southern Company Gas and by FPL. Retention and the future review of the acquisition adjustment was addressed and resolved in FCG's most recent base rate case in Docket No. 20220069-GU, which was upheld on appeal by Supreme Court Order No. No. SC2023-0988. Consistent with the Commission's decision in Docket No. 20220069-GU, FCG has presented evidence and testimony in this proceeding that this acquisition adjustment should remain on FCG's books until fully amortized. As such, no adjustments should be made. (Everngam, Galtman, Deason)

OPC: Yes. The 2004 acquisition adjustment of $21,656,835 and accumulated amortization of acquisition adjustment of $16,362,943 should be removed from the 2027 projected test year. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 14:</u> **What is the appropriate level of Plant Accumulated Depreciation and Amortization that should be approved for the 2027 test year?**

FCG: The revised accumulated depreciation and amortization for the projected test year is $238,244,616, as a result of amendments made by the Company in its response to OPC Interrogatory No. 275, and Will Haffecke's supplemental testimony and Exhibit WH-2. This amount is a combination of direct accumulated depreciation of $218,427,373, the allocated portion of common plant of $3,454,300 and amortization of the 2004 AGLR acquisition adjustment of $16,362,943. (Baugh, Navo)

OPC: The appropriate level of Plant Accumulated Depreciation and Amortization that should be approved for the 2027 projected test year is no more than $220,303,913. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 15:</u> **Has FCG made the proper adjustments to the Working Capital Allowance to reflect under recoveries and over recoveries related to the Purchased Gas Adjustment, and Energy Conservation Cost Recovery clauses?**

FCG: Yes. FCG has made the appropriate test year adjustments to remove forecasted net-under recoveries related to its cost recovery clauses from working capital as reflected on page 4 of MFR G-1. (Baugh)

OPC: No. Working Capital Allowance should be reduced by at least $4,056,838 by reducing Customer Accounts Receivable for the estimated clause net underrecoveries adjustment that has historically been required by the Commission to remove the debit effect of that receivable that is otherwise embedded in base rates working capital as shown on Exhibit HWS-2, Schedule B-4. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 16: **What amount of unamortized balance of Rate Case Expense, if any, should be included in Working Capital for the 2027 projected test year?**

FCG: None, which is what is reflected in MFR Schedule G1 page 1. (Husted)

OPC: None. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 17: **What is the appropriate level of Construction Work in Progress (CWIP) to include in the 2027 projected test year?**

FCG: As reflected on page 1 of MFR A-3, the Company originally requested amount of CWIP was $28,875,708 (adjusted) for the 2027 projected test year. However, as amended by the Company's response to OPC Interrogatory 275, the Company's revised request for CWIP in the projected test year is $28,875,285. The Company also made appropriate adjustments to remove CWIP that does not belong to FCG and to include the appropriate impact of the 2025 depreciation study in Docket No. 20250035-GU, finalized in February 2026. (Baugh)

OPC: No position.

FEA: 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.

STAFF: No position at this time.

ISSUE 18: **What is the appropriate level of plant in service for the 2027 projected test year?**

FCG: As reflected in page 1 of MFR A-3, the originally requested amount of plant-in-service, including the gross amount of the acquisition adjustment, was $922,313,317 (adjusted) for the 2027 projected Test Year. However, as a result of adjustments associated with Will Haffecke's supplemental testimony and Exhibit WH-2, the appropriate total revised level of plant-in-service is $922,370,239. (Baugh, Gilliam)

OPC: The appropriate level of plant in service for the 2027 projected test year is no more than $870,667,780. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 19: **Did FCG utilize the RSAM mechanism from December 1, 2023 through December 31, 2024 in a manner inconsistent with the approval of that mechanism such that otherwise disallowable costs were recovered? If so, what adjustments, if any, should be made to rate base?**

FCG: No, therefore no adjustments are necessary or appropriate. FCG utilized the RSAM consistent with Order No. PSC-2023-0177-FOF-GU, issued in Docket No. 20220069-GU and utilized the procedure reflected by Witness Campbell's Exhibit MC-6 in that prior docket. The Commission's approval of the RSAM mechanism was recently affirmed by the Florida Supreme Court on June 4, 2026, in Case No. SC2023-0988. As of December 31, 2024, the $25 million RSAM amount had been fully utilized.

In the 2023 FCG Order, Order No. PSC-2023-0177-FOF-GU, the Commission approved a $25 million Reserve Amount that FCG could use to manage fluctuations in revenues, expenses, interest rates, and inflation during the four-year period following the 2022 rate case. The Commission approved the RSAM to allow FCG to maintain its return on equity within the authorized range and to reduce the likelihood of additional rate increases. FCG utilized the RSAM in 2023 and 2024 to earn an ROE within its authorized range, as the Order expressly contemplated. The Order did not limit the use of the RSAM to specific categories of costs or revenues resulting in below-target net operating income. As authorized in the Order, if the Company's achieved ROE fell below the authorized range and RSAM remained available, the Company was authorized to record the necessary entries to allow for earnings to be recognized within the authorized return range.

Contrary to OPC's assertions, the Company did not utilize RSAM to recover Transaction Costs of $14.5 million as reported in Chesapeake's Form 10-K, nor were these transaction costs included in the Annual Report and surveillance reports. These transaction costs were, instead, reflected in CUC's consolidated financial disclosures for investor reporting purposes as these were costs that were incurred during 2023 and 2024 to finalize the acquisition of FCG. Again, these Transaction Costs were not reported for regulatory purposes, including FCG's surveillance reports and RSAM calculations.

Transition costs, both recurring and non-recurring, supported FCG's day-to-day utility operations. As such, these costs were included in FCG's regulatory financial statements and reporting and were also factored into FCG's RSAM calculations for 2023 and 2024. That treatment was appropriate because the costs related to operating FCG during the transition period to CUC's operations. The costs included temporary transition services provided by FPL, as well as integration activities necessary to continue providing safe and reliable service to FCG's customers. Excluding those costs would have overstated FCG's regulatory earnings and would have prevented FCG from appropriately using the RSAM as contemplated in the 2023 Order. In other words, it would have treated necessary operating costs as though they did not exist for purposes of determining FCG's rate of return, even though those costs were actually incurred to provide utility service during the transition period. Furthermore, if the non-recurring transition costs were disallowed, the earnings of the Company in 2023 and 2024 would have still remained below the bottom of the approved range; as such, the use of the RSAM in those periods would have still been necessary at the same level that was utilized in those years.

As such, OPC Witness Schultz's proposal for an RSAM Correction Liability, along with the corresponding amortization credit, should be rejected outright. His proposals would effectively reopen the 2023 and 2024 periods, inappropriately, even though the Company utilized RSAM precisely as contemplated by the Commission. Witness Schultz's contention that FCG utilized the RSAM for something besides "day-to-day" operations must also be rejected. First, the operation of FCG through a transition period does, in fact, constitute "day-to-day" operations. Second, the Commission did not define otherwise – or limit – what constitutes "day-to-day" operations.

FCG utilized the RSAM in good faith, consistent with the Commission's Order, and has been open and forthright in its disclosure of such usage, which was clearly reflected in the 2023 and 2024 surveillance reports that demonstrate the RSAM utilization in those periods. Establishing a new liability now to adjust those prior periods would constitute retroactive ratemaking. The Commission should, therefore, reject OPC's arguments in this regard and make no adjustments associated with the Company's usage of the RSAM. (Galtman)

OPC: Yes. The recognition of a regulatory liability of $16,610,324 should be included in rate base for the 2027 projected test year. This will correct an overstatement of test year rate base based on costs being improperly offset by amortization of the Reserve Amount. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 20: **What is the appropriate level of working capital for the 2027 projected test year?**

FCG: As reflected MFR A-3, page 1, the appropriate amount of working capital for the 2027 projected test year is $29,388, 571 (adjusted). (Baugh)

OPC: Working capital should be reduced by $10,094,925 for taxes accrued and by $34,438 for DOL insurance. With these adjustments and the net clause under recoveries adjustment in Issue 14, the appropriate level of working capital for the 2027 projected test year should be no more than $18,859,431. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 21: **What is the appropriate level of rate base for the 2027 projected test year?**

FCG: As a result of changes arising from the Company's response to OPC Interrogatory No. 275 and Will Haffecke's supplemental testimony Exhibit WH-2, the appropriate total revised rate base in the projected test year is $742,389,478. (Baugh, Navo)

OPC: The 2027 projected test year rate base should be no more than $677,831,621. (Schultz)

FEA: 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.

STAFF: No position at this time.

COST OF CAPITAL

ISSUE 22: **Should the Commission make any adjustments to account for the Section 338(h)(10) election utilized in the 2023 transaction in which CUC acquired FCG? If so, what adjustments should be made?**

FCG: No. No adjustments are necessary or appropriate. The acquisition of FCG was structured as a stock purchase with a valid Internal Revenue Code Section 338(h)(10) election -- substantially all historical deferred tax assets and liabilities of the acquired entity were eliminated as of the acquisition date. The historical book-tax temporary differences did not carry forward, and deferred taxes were reset based on the post-acquisition tax basis of the assets. The only deferred tax balance carried forward was the regulatory liability associated with excess accumulated deferred income taxes resulting from the Tax Cuts and Jobs Act corporate tax rate change and the related ARAM calculation, which was preserved to ensure compliance with normalization requirements and prior Florida Public Service Commission orders. No other deferred tax balances were retained through the acquisition.

The Commission should reject OPC's suggestion that the Commission use creative accounting treatment to provide customers with the benefit of approximately $38.814 million of deferred taxes that no longer exist. The deferred tax liability was extinguished at the time of the transaction. Neither the actual post-acquisition tax position nor sound normalization principles support including a hypothetical deferred tax balance in FCG's regulatory capital structure. Recharacterizing the amount as a regulatory liability does not cure that defect. It seeks to circumvent accounting and regulatory practices and regulations to accomplish the establishment of an extinguished liability, resulting in a normalization violation.

OPC's recommendations, offered by Witness Kollen, would insert into FCG's regulatory capital structure a hypothetical zero-cost source of capital that is not reflected in FCG's post¬ acquisition tax position. His proposal would require the Commission to treat FCG as though approximately $38.814 million of deferred tax liability (ADIT) still exists through the establishment of a regulatory liability, even though that tax liability was eliminated as part of the transaction. His proposal therefore creates a hypothetical source of zero¬cost capital that is not reflected on FCG's books, does not represent an actual tax obligation (it was an obligation of the prior owner), and does not correspond to deferred taxes that FCG will be required to pay in the future.

FCG emphasizes that the IRS has consistently stated that ADIT cannot be created where it does exist in reality. Because those deferred taxes are no longer deferred and were extinguished at the time of the transaction, there is no remaining deferred tax balance available to include as zero-cost capital in rates. As such, it is inappropriate to include such ADIT in the calculation of rates or to establish a corresponding, ongoing tax obligation or regulatory liability. CUC did not get, nor will it get in the future, any tax benefit associated with the legacy FCG ADIT balance in question.

Furthermore, the inclusion of a regulatory liability in lieu of the extinguished ADIT would result in an indirect violation of the normalization rules. Replacing extinguished ADIT with a regulatory liability would recreate the same ratemaking effect through a different accounting label. The elimination of the deferred tax liability does not authorize regulators to recreate the ratemaking effect of that liability through another mechanism. The inclusion of the proposed regulatory liability would have a detrimental effect on customers in the future as a result of the normalization violation penalties. The Commission should therefore reject OPC's proposals as it related to the 338(h)(10) election in their entirety. (Russell, Reno)

OPC: Yes. A regulatory liability of $38,814,000 should be recognized in the 2027 projected test year to neutralize the harm caused by CUC's imprudent, self-serving decision associated with the Section 338 election utilized in the 2023 transaction in which CUC acquired FCG that wiped out customer-provided, cost free capital. (Kollen)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 23:</u> What amount of accumulated deferred income taxes should be approved for the 2027 projected test year capital structure?

FCG: As reflected on MFR A-5, page 1, the Company's original amount of accumulated deferred taxes included in capital structure for the 2027 projected test year is $13,838,900 (adjusted). However, as amended by the Company's response to OPC Interrogatory 275, the Company's revised accumulated deferred taxes in the projected test year is $14,286,935. The appropriate amount of Regulatory Liability FAS 109 Deferred Tax is $9,105,416 (adjusted). (Russell, Reno, Baugh)

OPC: The amount of accumulated deferred income taxes should be at least $22,813,547 for the 2027 projected test year. These customer provided funds should not be transferred to shareholders by way of a pro rata reconciliation of rate base and capital structure. (Kollen, Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 24: **What amount and cost rate for customer deposits should be approved for the 2027 projected test year capital structure?**

FCG: As reflected on MFR A-5, the appropriate amount and cost rate for customer deposits for the 2027 test year is $4,665,303 (adjusted), subsequently corrected to $4,665,155, and 2.64%, respectively. (Baugh, Russell)

OPC: The amount and cost rate for customer deposits are $7,539,606 and 2.64%, respectively, for the 2027 projected test year. These customer-provided funds should not be transferred to shareholders by way of a pro rata reconciliation of rate base and capital structure. (Kollen).

FEA: 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.

STAFF: No position at this time.

ISSUE 25: **What amount and cost rate for short-term debt should be approved for the 2027 projected test year capital structure?**

FCG: As reflected on MFR A-5, the Company's original amount and cost rate for short term debt for the 2027 projected test year is $39,638,250 (adjusted) and 4.66%, respectively. However, as amended by the Company's response to OPC Interrogatory 275, the Company's revised short term debt in the projected test year is $39,612,128. (Russell)

OPC: The amount and cost rate for short-term debt are $32,936,468 and 4.66%, respectively, for the 2027 projected test year. (Walters, Kollen, Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 26: **What amount and cost rate for long-term debt should be approved for the 2027 projected test year capital structure? What adjustments, if any, are necessary to account for the direct assignment of acquisition-related long-term debt to FCG?**

FCG: As reflected on MFR A-5, the Company's original amount and cost rate for long term debt for the 2027 projected test year is $316,731,450 with a blended, weighted cost rate of 6.12%, which is not only consistent with current market conditions, but lower than the cost that would result from applying the same forecasting methodology relied upon in the prior proceeding. However, as amended by the Company's response to OPC Interrogatory 275 and the impact of changes to plant balance, the Company's revised long term debt in the projected test year is $316,522,706. (Russell)

OPC: The amount and cost rate for long-term debt are $263,180,522 and 4.72%, respectively, for the 2027 projected test year. The incremental debt cost due solely to the acquisition is a cost CUC and its shareholders incurred to obtain the economic value and other benefits from the acquisition without providing any commensurate cost savings to customers. The Commission should assign this cost to CUC and its shareholders and deny recovery from customers of this indirect, but nevertheless real, acquisition cost from FCG's customers. (Kollen, Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 27:</u> **Has FCG made the appropriate adjustments to remove all non-utility activities/investments from the common equity balance for the 2027 projected test year capital structure?**

FCG: FCG has no non-utility activities/investments; therefore, no adjustments were required. (Baugh)

OPC: No.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 28:</u> **What equity ratio should be approved for the 2027 projected test year capital structure?**

FCG: FCG's equity ratio should be 50.14% based on investor sources. This is appropriate due to the fact that FCG does not issue its own debt or equity and obtains all short- and long-term financing through its parent, CUC. (Russell)

OPC: The equity ratio for the 2027 projected test year should be no more than 50.14%. (Walters)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 29:</u> **What return on equity (ROE) should be approved for establishing FCG's 2027 projected test year revenue requirement?**

FCG: The Commission should authorize 11.25% as the mid-point return on common equity. Granting FCG's requested return on equity will appropriately take into account FCG's unique risk profile and is critical to maintaining FCG's financial strength. (Haag)

OPC: The ROE for establishing the 2027 projected test year revenue requirement should be 9.45%. (Walters)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 30:</u> **What capital structure and weighted average cost of capital should be approved for establishing FCG's 2027 projected test year revenue requirement?**

FCG: The appropriate capital structure for FCG is 50.14 percent common equity and 49.86 percent debt, which is consistent with CUC's capital structure, and which benefits customers because of its lower equity to debt ratio than that of FCG's prior owner. The appropriate weighted average cost of capital to use is 8.31%. (Russell)

OPC: The weighted average cost of capital should be no more than 6.25% in establishing the projected test year revenue requirement. (Walters, Kollen, Schultz)

FEA: 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.

STAFF: No position at this time.

NET OPERATING INCOME

ISSUE 31: **Has FCG properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Clause revenues, expenses, and taxes-other-than-income from the 2027 projected test year? If not, what adjustments, if any, should be made?**

FCG: Yes. FCG has properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Clause revenues, expenses, and taxes-other-than income from the projected test year. (Baugh)

OPC: No.

FEA: 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.

STAFF: No position at this time.

ISSUE 32: **Has FCG made the appropriate adjustment to Net Operating Income to remove amounts associated with the transfer of SAFE investments as of December 31, 2026, from clause recovery to base rates? If not, what adjustments, if any, should be made?**

FCG: Yes. Pursuant to Order No. PSC-2015-0390-TRF-GU, FCG has made the appropriate adjustments to Net Operating Income to reflect the transfer of SAFE investments as of December 31, 2026, from clause recovery to base rates. (Baugh)

OPC: No position.

FEA: 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.

STAFF: No position at this time.

ISSUE 33: **Should the projected test year O&M expenses be adjusted to reflect changes to the non-labor trend factors for inflation and customer growth?**

FCG: No, the factors were based on the best estimates at the time and any changes would still be estimates. The Company has applied trend factors that are most appropriate for the trended accounts and has made sure that the applications of these factors have produced reasonable results. Because insurance cost increases are expected to exceed inflation, the Company directly projected insurance premiums for the 2026 and 2027 test years, incorporating anticipated premium increases based on recent renewal experience and current and projected market conditions. The self-insurance reserve accrual should be $502,739. The injuries and damages insurance expense of $2,592,499 reflected in the projected test year is based on estimates from discussions with the Company's insurance broker, not a mechanical inflation trend. (Baugh, Russell)

OPC: O&M expenses should reflect the reasonable and prudent costs to serve its own customers without reference to the experience of peers. The Commission should take into account the magnitude of cost increases in the brief period the company has been under CUC ownership that are not due to inflation and customer growth.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 34:</u> **What amount of 2027 projected test year Uncollectible Accounts and Bad Debt should be included in the Revenue Expansion Factor?**

FCG: As shown in MFR G-2, page 19g, and MFR G-4, the appropriate amount of bad debt expense is $600,441, and the appropriate rate of 0.3288% should be included in the revenue expansion factor. The Company appropriately used a five-year average bad debt expense to revenues ratio in computing its proposed bad debt rate in the revenue expansion factor. (Galtman, Baugh)

OPC: Uncollectible or bad debt expense for the 2027 projected test year should be $420,281 which results in a reduction of $180,160. The Bad Debt rate to include in the NOI Multiplier for the 2027 projected test year should be 0.2301%. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 35:</u> **Has FCG made the appropriate adjustments to remove all non-utility activities from operation expenses, including depreciation and amortization expense? If not, what adjustments, if any, should be made?**

FCG: FCG does not have any non-utility investments and, therefore, adjustments were not required. (Baugh)

OPC: No. Chesapeake Utilities Parent Company (CU) and Florida Public Utilities Parent Company (FU) expenses are caused by or incurred for the benefit of only the affiliates but are improperly allocated to FCG. This effectively places non-utility activity costs on the FCG regulated books. Expenses should be reduced at least $597,000. (Kollen)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 36:</u> **Are there any transaction costs associated with the acquisition of FCG by CUC included in the projected test year? If so, what adjustments, if any, should the Commission make to the 2027 test year?**

FCG: No. There are no transaction costs associated with the acquisition of FCG by CUC included in the 2027 projected test year. (Galtman)

OPC: Yes. These costs are residually included in the rate base and should be removed through the recognition of a regulatory liability as described in Issue 19. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 37:</u> **How should the Commission treat costs, if any, included in the test year representing the costs of transition, integration, and rebranding associated with CUC's December 1, 2023, acquisition of FCG? What adjustments, if any, should the Commission make to the 2027 test year to account for the costs of transition, integration, and rebranding associated with CUC's acquisition of FCG?**

FCG: Transition costs, which FCG interprets to include integration and rebranding, are costs incurred to operate, stabilize, and integrate FCG into its parent, CUC's operations. FCG has not included any transition, integration and rebranding costs associated with CUC's 2023 acquisition of FCG in the 2027 projected test year. Additionally, FCG did not utilize RSAM inappropriately for 2023 or 2024. Therefore, no adjustment to the 2027 projected test year is necessary. (Galtman)

OPC: All costs included in the 2027 test year for the transition, integration, and rebranding associated with CUC's December 1, 2023, acquisition of FCG should be removed. "But for" transition, integration, and rebranding costs that would not be incurred or included in the test year absent the Commission's consideration of an acquisition adjustment should be excluded from any recovery from customers. Such consideration or approval would be tantamount to approval of an acquisition adjustment that is not being requested at this time. (Schultz, Kollen)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 38:</u> **What amount of employee full time equivalent additions should be included in the 2027 projected test year?**

FCG: The appropriate amount of FTEs in the projected test year is the projected average of 246, which reflects specific, identified positions supported by the direct testimonies of multiple Company witnesses. Witness William Haffecke discusses operational headcount additions; Witness Tina Barrington discusses HR related positions; Witness Abhijit Bhatwadekar discusses IT-related positions; and Witness George Navo discusses corporate A&G headcount additions allocated to FCG. These are not speculative additions. Each position is tied to identifiable operational, regulatory, compliance, or support requirements arising from the operating model. (Navo, Barrington, Haffecke, Bhatwadekar)

OPC: Using the known and measurable employee count of 226 FTEs, the adjusted payroll expense, excluding incentive compensation, of $15,327,389, should be reduced by at least $1,359,688 to no more than $13,968,071. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 39:</u> **What amount of salaries and benefits should be approved for the 2027 projected test year?**

FCG: The appropriate amount of payroll is $20,694,172 and benefits is $3,888,657, including incentive compensation amounts allocated from CUC, to include in the Test Year. The reasonableness of salary and benefit expense is demonstrated in a number of ways, including comparison of FCG's salaries, annual pay increase program, and non-executive variable incentive pay to the relevant comparative market. (Barrington, Navo)

OPC: The total salaries and benefits including incentive compensation for the 2027 projected test year should be no more than $15,327,389. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 40:</u> **What amount of annual storm damage accrual and cap, if any, should be approved for the 2027 projected test year?**

FCG: The Commission should allow FCG to maintain the currently approved Storm Damage Reserve accrual and target reserve amounts of $57,500 and $800,000, respectively. (Russell)

OPC: The annual accrual of $57,500 should be discontinued beginning January 1, 2027. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 41:</u> **What is the appropriate annual amount and amortization period for Rate Case Expense?**

FCG: As shown in MFR C-13 and G2-19h, the appropriate annual amount of FCG's rate case expense is $4,215,262. The Company is requesting amortization of $843,052 per year over a period of five years. (Husted, Deason)

OPC: The Company's rate case expense request should be reduced by $1,467,663. Rate case expense should be no more than $2,747,599 and amortized over 5 years. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 42: **What amount of Directors and Officers Liability Insurance expense should be included in for the 2027 projected test year?**

FCG: The appropriate amount of D&O liability insurance expense in the 2027 projected test year is $151,835. Purchasing a D&O insurance policy is necessary to attract and retain qualified employees and directors. Reducing these amounts negatively diminishes the importance of fiduciary oversight, governance and overall risk management and further impacts FCG's ability to incur costs to retain and attract talent. Also, without this coverage, the Corporation's assets are at risk. It provides coverage for lawsuits brought by other parties. A D&O policy mitigates this risk by covering the legal fees and other costs the Corporation may incur as a result of such a suit. Without it, the Company could be exposed to a claim, which could result in material legal fees and other costs that would ultimately negatively impact ratepayers and shareholders. (Russell)

OPC: The Commission should completely disallow DOL insurance expense because the cost associated with benefits of the insurance primarily accrue to shareholders, some of whom generally are the parties initiating any suit against the directors and officers. If the Commission does not agree with the concept that shareholders are the prime beneficiary, then at the very least equal sharing between the shareholders and customers should be done. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 43: **What is the appropriate amount of 2027 projected test year O&M expenses?**

FCG: Based upon agreed upon adjustments and the supplemental testimony of William Haffecke, the appropriate amount of O&M expenses in the projected test year is $46,513,711. (Baugh)

OPC: The appropriate amount of 2027 projected test year Other O&M expenses should be no more than $33,789,026. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 44: **What amounts of amortization expense associated with the AGLR acquisition adjustment should be included in the 2027 projected test year?**

FCG: The appropriate amount of amortization expense associated with the 2004 acquisition adjustment associated with AGLR's acquisition of FCG to be included in the projected test year is $721,895. (Baugh, Navo, Deason)

OPC: None. The $721,894 acquisition amortization associated with the 2004 AGLR acquisition should be excluded from the 2027 projected test year. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 45: **What is the appropriate amount of Depreciation and Amortization Expense for the 2027 projected test year?**

FCG: The appropriate amount of depreciation and amortization expense for the year ended December 31, 2027, after self-reported corrections and the revisions reflected by the supplemental testimony of William Haffecke, the appropriate, revised amount of depreciation and amortization expense is $24,318,831. (Baugh)

OPC: The appropriate amount of Depreciation and Amortization Expense for the 2027 projected test year should be no more than $17,398,017. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 46: **What is the appropriate amount of 2027 projected test year Taxes Other than Income?**

FCG: As reflected on MFR A-4, the appropriate amount of Taxes Other Than Income Taxes is $10,190,264 (adjusted) for the 2027 projected test year. (Baugh, Navo, Russell)

OPC: The appropriate amount of Taxes Other than Income for the 2027 projected test year should be no more than $6,777,230. (Schultz)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 47:</u> **Is a Parent Debt Adjustment pursuant to Rule 25-14.004, F.A.C., appropriate and if so, what is the appropriate amount?**

FCG: No. FCG is not a borrower under any third-party debt arrangement. Instead, CUC, the parent company of FCG, maintains all the third-party debt. When filing a consolidated tax return of CUC and its subsidiaries (including FCG), the tax deduction for interest expense is determined by the interest associated with the third-party debt held by the parent. As FCG has no third-party debt, there is no tax deduction for interest expense recorded on the subsidiary's Federal income tax return. While FCG has no debt on its books and records, an allocated portion of the parent's capital structure is applied to the rate base of FCG as illustrated in MFR G-3 page 2. As such, no additional interest expense tax benefit exists at the parent level and, therefore, no parent debt adjustment is required or appropriate. Moreover, the interest synchronization calculation on MFR Schedule G-3 page 2 already captures the tax benefits of the allocable parent company debt. Applying an additional parent debt adjustment would double-count the same tax benefit. (Russell, Reno)

OPC: Yes. A parent debt adjustment in the amount of $1,773,908 should be made for the 2027 projected test year. (Kollen)

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 48:</u> **What is the appropriate amount of 2027 projected test year Income Tax Expense?**

FCG: As reflected on (MFR G-2, page 30) or (MFR A-4), adjusted for self-reported corrections and the changes reflected in the supplemental testimony of William Haffecke, the appropriate revised amount of Income Taxes Expense is $2,168,469 (adjusted) for the 2027 Test Year. (Russell, Baugh)

OPC: The appropriate amount of Income Tax Expense for the 2027 projected test year should be no more than $4,581,092. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 49: **What is the appropriate amount of Total Operating Expenses for the 2027 projected test year?**

FCG: As reflected on MFR Schedule A-4, adjusted for self-reported corrections and the changes reflected in the supplemental testimony of William Haffecke, the appropriate amount of Total Operating Expenses in the projected test year is $78,854,336. No further adjustments are necessary. The Commission should also reject OPC Witness Schultz's proposal to reduce outside services expense, because the projected amount in the 2027 test year reflects specific engagements for legal, consulting, and audit services required to support FCG's regulated operations under CUC ownership. These services include external audit fees for the FERC Form No. 2 and annual and quarterly reports required by the SEC; legal support for regulatory proceedings; consulting support for rate case preparation and the ERP implementation; and specialized technical support. (Haffecke, Baugh, Navo)

OPC: The appropriate amount of Total Operating Expenses for the 2027 projected test year should be no more than $62,545,365. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 50: **What is the appropriate amount of Net Operating Income for the 2027 projected test year?**

FCG: As reflected on MFR Schedule A-1, adjusted for self-reported corrections and the changes reflected in the supplemental testimony of William Haffecke, the appropriate Net Operating Income amount to be included in the projected test year is $14,928,971. (Baugh)

OPC: The appropriate amount of Net Operating Income for the 2027 projected test year should be at least $34,627,138. (Schultz)

FEA: 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.

STAFF: No position at this time.

REVENUE REQUIREMENTS

ISSUE 51: **What revenue expansion factor and net operating income multiplier should be approved for the 2027 projected test year?**

FCG: As reflected in MFR G-4, the revenue expansion factor and net operating income multiplier for the 2027 projected test year are 74.0363% and 1.3507, respectively. (Baugh)

OPC: This issue is dependent on the resolution of Issue 34. Based on OPC's recommended bad debt rate, the revenue expansion factor and net operating income multiplier should be 74.1099% and 1.349347, respectively. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 52: **What is the appropriate annual operating revenue increase for the 2027 projected test year?**

FCG: The total revised annual operating revenue increase is $63,163,068 and total revised incremental revenue increase is $46,760,124 adjusted for the self-reported corrections in OPC ROG 275 and in the filed supplemental testimony of William Haffecke in Exhibit WH-2. (Baugh, Everngam)

OPC: None. Based on OPC's adjustments, FCG has a revenue sufficiency of at least $5,956,640 for the 2027 projected test year. (Schultz)

FEA: 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.

STAFF: No position at this time.

COST OF SERVICE AND RATE DESIGN

ISSUE 53: **What is the appropriate cost of service methodology to allocate costs to the rate classes?**

FCG: The appropriate cost of service methodology is set forth in the MFR H schedules and described by FCG Witness John Taylor, including the Company's classification of distribution mains between customer- and demand-related components because that approach reasonably recognizes both the customer-related investment required to extend and maintain the distribution network and the demand-related costs associated with shared system capacity. Furthermore, the Company's use of the Peak and Average allocation factor for the demand-related portion of distribution mains as it is in alignment with recent practices in Florida, and provides a reasonable, transparent, and practical measure of relative class responsibility. Specifically, the Company is proposing a Customer/Demand classification and allocation methodology to reflect cost allocation to better match cost causation. The Customer/Demand approach is applied only to small diameter mains, while larger diameter mains continue to be classified and allocated under the Peak and Average method. Under the proposed Customer/Demand COSS, small diameter mains are classified as 60 percent customer-related and 40 percent demand-related. This approach allows the Company to improve cost alignment for a significant portion of distribution mains investment while maintaining continuity with established methods for the remainder of the system. (Taylor)

OPC: No position at this time.

FEA: FCG allocates costs based on a capacity or demand allocation factor based on equal weighting of monthly peak sales and average annual sales. This is problematic. Capacity costs are designed to serve peak day or peak hour demand. Average monthly peaks do not reasonably capture the capacity additions need to provide reliable firm service because a peak month demand can be very different than a peak day demand. The development of demand allocation factors should reflect how the system is designed to serve peak demands and provide reliable firm service. The appropriate cost of service methodology to allocate capacity costs is peak day demand as described by FEA witness Gorman. FEA reserves the right to make further argument on this issue once all facts are complete.

STAFF: No position at this time.

ISSUE 54: **How should the approved revenue requirement be allocated to the rate classes?**

FCG: The increase should be allocated as shown in MFR Schedule H-1, page 2. FCG has set the proposed revenues by rate class by balancing revenue increase requirement, cost causation principles, rate stability, and customer impact considerations, while following the Commission practice of gradualism and considering the competitive nature of the natural gas industry. (Taylor)

OPC: No position at this time.

FEA: FCG's proposal moves residential and certain commercial customer classes further away from cost of service. FEA witness Gorman recommends a revenue spread that moves each rate class toward cost of service, with moderation and gradualism incorporated. FEA reserves the right to make further argument on this issue once all facts are complete.

STAFF: No position at this time.

<u>ISSUE 55:</u> **Should the Commission approve FCG's proposal to consolidate the residential RS-1, RS-100, and RS-600 rate classes into a single residential rate class be approved?**

FCG: Yes. The existing residential rate schedules are consolidated to simplify the rate structure and improve consistency in how residential customers are served and billed. Consolidating the residential rate schedules will align customers more closely with the cost to serve and reduce intra-class subsidization. By combining the existing classes into a single residential class, the Company can more appropriately reflect the largely uniform cost of providing service to residential customers. (Taylor)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 56:</u> **Should the Commission approve FCG's proposal to restructure commercial rate schedules GS-1, GS6K, and GS-25K?**

FCG: Yes. The applicability thresholds for commercial rate schedules, including General Service -1 ("GS-1"), General Service - 6K ("GS 6K"), and General Service - 25K ("GS-25K"), are modified to further align customer class definitions with those used by CUC's other operating entities. This change promotes consistency and supports a more standardized and administratively efficient rate structure. The proposed structure represents a step toward harmonizing rate schedules across CUC's operating units by establishing more comparable applicability ranges based on consumption. The proposed approach is also consistent with industry literature on developing sound rate structures. (Taylor)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 57: **Are FCG's proposed Customer Charges appropriate?**

FCG: Yes. The proposed customer charge adjustments were determined by considering multiple factors. The customer-related unit cost, as calculated in MFR Schedule H-l, served as the baseline. The proposed customer charge for residential class reflects the consolidation of rate classes and aligns the recovery of fixed costs with the nature of the fixed costs incurred by the Company, while also considering customer bill impacts. (Taylor)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 58: **Are FCG's proposed per therm Non-Fuel Energy and Transportation Charges appropriate?**

FCG: Yes. The "Non-Fuel Energy Charge", which applies to the sales service rate schedules and the "Transportation Charge," which applies to the transportation service rate schedules, should be approved. (Taylor, Grimard)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 59: **Are FCG's proposed Demand Charges appropriate?**

FCG: Yes. The demand charges reflected on MFR Schedule H-l, Schedule A, reflects the appropriate demand charges. (Taylor)

OPC: No position at this time.

FEA: FCG witness Taylor proposes a demand allocation (or charge) factor based on equal weighting of monthly peak sales and average annual sales. This is inappropriate because it does not accurately allocate and reflect FCG's capacity costs. As described above at Issue 53, the demand or capacity cost allocation factor should reflect daily peak demands of the system, which is what FCP designs and invests for to provide firm reliable service. FEA reserves the right to make further argument on this issue once all facts are complete.

STAFF: No position at this time.

<u>ISSUE 60:</u> **Are FCG's proposed miscellaneous service charges appropriate?**

FCG: Yes. The Company's proposed miscellaneous service charges were independently evaluated based on operational cost, and projected miscellaneous charge revenues were calculated by applying the proposed service charge amounts to a projected level of occurrences. (Husted)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

<u>ISSUE 61:</u> **Are FCG's proposed revisions to the Area Expansion Program (AEP) appropriate?**

FCG: Yes. The Company believes that the changes to the AEP reflected in Witness Husted's direct testimony will make the program less confusing for customers, reduce inquiries from customers about billing under the AEP, and allow for more straightforward administration of the AEP surcharge by the Company. The Company will calculate the AEP rate based on the number of projected premises located on the extension facilities. This will result in a fixed (monthly) AEP recovery charge to the applicable customers and therefore, assure cost recovery for the extension by the Company. (Husted)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 62: **Is FCG's proposed new Minimum Volume Commitment (proposed Original Sheet No. 6.152, provision 2) and associated Agreement (proposed Original Sheet Nos. 8.123 – 8.126) for customers who require an extension of facilities appropriate?**

FCG: Yes. The tariff modification would provide the Company with the option to require a non-residential customer that will need a facility extension to receive service, to commit to receive service at a defined minimum level and to pay for such minimum level of service - whether utilized or not - in accordance with a proposed "take-or-pay" provision. (Grimard)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 63: **Is FCG's proposed revision to its Load Enhancement (LE) rate schedule appropriate?**

FCG: Yes. The Company is proposing a preapproved "pro-forma" tariffed agreement to be included in the Company's published tariff. Upon entering into a LE-CTS Agreement with a customer, the Company would file a notice with the Commission Clerk notifying the Commission that it is utilizing its pre-approved pro-forma agreement for that specific customer. This proposed change will enhance the Company's ability to retain large system Customers that have the ability (on a timely basis) to bypass or use alternative fuel. (Grimard)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 64: **Is FCG's proposal to eliminate the Gas Lighting, Natural Gas Vehicle Service and Balancing Service Rider rate schedules appropriate?**

FCG: Yes. The Gas Lighting rate schedule and the Natural Gas Vehicle Service rate schedule are proposed to be eliminated, because of the lack of participation by customers under these rate schedules. The Company proposes to eliminate its Balancing Service Rider because it intends to seek approval to adopt the Swing

Service methodology used by Florida Public Utilities Company. (Taylor, Grimard, Noia)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

<u>**ISSUE 65:**</u> **Should the Commission approve FCG's proposed new Operational Balancing Account tariff (proposed original Sheet Nos. 7.212-7.213)?**

FCG: Yes. The Company is proposing to adopt FPUC's Operational Balancing Account schedule that has been previously approved by the Commission. This new rate schedule will serve the same purpose as in the FPUC tariff and will provide a recovery mechanism for TPS fuel-related expenses. By standardizing the transportation service rules and processes for FCG and FPUC, CUC is able to provide a more uniform service level across the sister companies' platform in Florida, while customers and pool managers now operate under the same tariff provisions across the two distribution systems. (Grimard, Noia)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

<u>**ISSUE 66:**</u> **Should the Commission approve FCG's proposed new Shipper of Last Resort tariff (proposed Original Sheet No. 7.412)?**

FCG: Yes. The Company is proposing to adopt FPUC's Shipper of Last Resort schedule that has been previously approved by the Commission. This new rate schedule will serve the same purpose as in the FPUC tariff and will provide a recovery mechanism for fuel related expenses and provide a gas sales mechanism for small commercial and residential transportation customers should their TPS default. By standardizing the transportation service rules and processes for FCG and FPUC, CUC is able to provide a more uniform service level across the sister companies' platform in Florida, while customers and pool managers now operate under the same tariff provisions across the two distribution systems. (Grimard, Noia)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 67: **Should the Commission approve FCG's proposed non-rate related tariff changes?**

FCG: Yes. The Company's proposed changes will align FCG's general rules and regulations and format with that currently applicable to Florida Public Utilities Company. In addition, the Company has proposed adding a new Section 8 and Section 9 to the tariff that will include the standard forms used by FCG and lists the special contracts applicable to FCG. (Grimard)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 68: **What is the appropriate effective date for FCG's revised rates and charges?**

FCG: The appropriate effective date for new rates and charges for FCG is January 1, 2027. (Grimard, Baugh)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

ISSUE 69: **Should the Commission approve tariffs reflecting Commission approved rates and charges?**

FCG: Yes. The Commission should approve tariffs reflecting the Commission's approved rates and charges effective January 1, 2027. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Baugh)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

OTHER ISSUES

ISSUE 70: **Should any portion of the interim increases granted be refunded to the customers?**

FCG: No, no refund is warranted. The calculation was reviewed and approved by the Commission on July 7, 2026. To the extent OPC's refund request is predicated on the Section 338(h)(10) ADIT treatment, the direct assignment of CUC acquisition long-term debt, or the RSAM Correction Liability, those underlying premises are without merit or support. Were the Commission to entertain any refund on the bases proposed by the OPC – which it should not - it would also need to take into account the fact that the Company had a PGA over-recovery balance of $6,361,451 for 2025 that it erroneously failed to remove from working capital, which reduced the amount of working capital used for the historic base year, resulting in a benefit to customers in terms of the calculation of the effective interim rates. The appropriate balance for the historic year 2025 should have been an under-recovery of $2,051,654, and accordingly no impact to working capital should have been reflected for 2025. (Baugh, Galtman, Russell, Reno)

OPC: Yes. (Schultz)

FEA: 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.

STAFF: No position at this time.

ISSUE 71: **Should this docket be closed?**

FCG: Yes. (Baugh, Everngam)

OPC: No position at this time.

FEA: 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.

STAFF: No position at this time.

IX. EXHIBIT LIST

Witness	Proffered By		Description
Direct			
Matthew Everngam	FCG	ME-1	List of Sponsored MFRs
Matthew Everngam	FCG	ME-2	Informational Matrix of Witnesses Sponsoring MFRs
Matthew Everngam	FCG	ME-3 *Revised 7/24/26*	Calculation of Ongoing Cost Savings Tied to 2004 AGLR acquisition of FCG
Michael Galtman	FCG	MG-1	List of Sponsored MFRs
David Haag	FCG	DH-1	Curriculum Vitae
David Haag	FCG	DH-2	Dividend History
David Haag	FCG	DH-3	FCG ROE Study November 2025
David Haag	FCG	DH-4	Proxy Group Capitalization
John Taylor	FCG	JT-1	List of Sponsored MFRs
John Taylor	FCG	JT-2	Supplemental COSS – Demand Based Classification of Distribution Mains
John Taylor	FCG	JT-3	Allocation of Proposed Revenue Increase
John Taylor	FCG	JT-4	Development of Rates under ERP Revenue Requirement Approach
John Taylor	FCG	JT-5	Curriculum Vitae
Abhijit Bhatwadekar	FCG	AB-1	List of Sponsored MFRs
Noah T. Russell	FCG	NTR-1	Capitalization, Historical Treasury Rates, and Self Insurance Schedules
Noah T. Russell	FCG	NTR-2	List of Sponsored MFRs

Witness	Proffered By		Description
Joanah Baugh	FCG	JB-1	List of Sponsored MFRs
Joanah Baugh	FCG	JB-2	ERP Revenue Requirement Calculation
Joanah Baugh	FCG	JB-3	Interim Tariff Rate Schedules
George Navo	FCG	GN-1	List of Sponsored MFRs
George Navo	FCG	GN-2	Summary schedule, by FERC account, of all the direct allocated payroll for A&G employees
William Haffecke	FCG	WH-1	List of Sponsored MFRs
William Haffecke	FCG	WH-2 *Received 8/31/26*	Summary of Changes associated with change to damage prevention software
Brian Gilliam	FCG	BG-1	List of Sponsored MFRs
Kim Estrada	FCG	KE-1	List of Sponsored MFRs
James Kendall	FCG	JK-1	List of Sponsored MFRs
Dan Noia	FCG	DN-1	Southeast Interstate Pipeline Infrastructure
Jessica Husted	FCG	JH-1	List of Sponsored MFRs
Jessica Husted	FCG	JH-2	Benchmarking
Tina Barrington	FCG	TB-1	List of Sponsored MFRs
Wraye Grimard	FCG	WG-1	Matrix of the general rules and regulations tariff language proposed by Company
Christopher C. Walters	OPC	CCW-1	Curriculum Vitae
Christopher C. Walters	OPC	CCW-2	Electric and Natural Gas Utilities Valuation Metrics
Christopher C. Walters	OPC	CCW-3	Proxy Group

Witness	Proffered By		Description
Christopher C. Walters	OPC	CCW-4	Consensus Analysts' Growth Rates
Christopher C. Walters	OPC	CCW-5	Constant Growth DCF Model (Consensus Analysts' Growth Rates)
Christopher C. Walters	OPC	CCW-6	Payout Ratios
Christopher C. Walters	OPC	CCW-7	Sustainable Growth Rate
Christopher C. Walters	OPC	CCW-8	Constant Growth DCF Model (Sustainable Growth Rate)
Christopher C. Walters	OPC	CCW-9	Multi-Stage Growth DCF Model
Christopher C. Walters	OPC	CCW-10	Common Stock Market/Book Ratio
Christopher C. Walters	OPC	CCW-11	Equity Risk Premium - Treasury Bond
Christopher C. Walters	OPC	CCW-12	Equity Risk Premium - Utility Bond
Christopher C. Walters	OPC	CCW-13	Bond Yield Spreads
Christopher C. Walters	OPC	CCW-14	3 and 6 Month Treasury and Utility Bond Yields
Christopher C. Walters	OPC	CCW-15	Weighted Least Squares Regression Analysis
Christopher C. Walters	OPC	CCW-16	Beta
Christopher C. Walters	OPC	CCW-17	CAPM Return
Lane Kollen	OPC	LK-1	Resume of Lane Kollen
Lane Kollen	OPC	LK-2	FCG Response to OPC INT. 249
Lane Kollen	OPC	LK-3	FCG Response to OPC INT. 162
Lane Kollen	OPC	LK-4	Section 338(h)(10) Election

Witness	Proffered By		Description
Lane Kollen	OPC	LK-5	Galtman L.F. DEP EX 3
Lane Kollen	OPC	LK-6	FCG Response to OPC INT. 161
Helmuth W. Schultz, III	OPC	HWS-1	Background and Qualifications
Helmuth W. Schultz, III	OPC	HWS-2	Schedules
Helmuth W. Schultz, III	OPC	HWS-3	Cost Analysis
Helmuth W. Schultz, III	OPC	HWS-4	Cost Comparison
Helmuth W. Schultz, III	OPC	HWS-5	FCG Responses to OPC Discovery
Helmuth W. Schultz, III	OPC	HWS-6	CUC Investor Information
Helmuth W. Schultz, III	OPC	HWS-7	FCG ESRs and Annual Reports
Helmuth W. Schultz, III	OPC	HWS-8	Starnik Order and D.R.
Helmuth W. Schultz, III	OPC	HWS-9	Miscellaneous Documents
Michael Gorman	FEA	MPG-1	FEA's Proposed Revenue Spread
Angela Kendrick	Staff	ALK-1	List of Service Complaints
Angela Kendrick	Staff	ALK-2	List of Billing Complaints
Angela Kendrick	Staff	ALK-3	List of Warm Transfers
Curt Mouring	Staff	CM-1	Auditor's Report of Florida City Gas
Rebuttal			
David Haag	FCG	DH-5	FCG ROE Study November 2025 (Excluding Spire)
David Haag	FCG	DH-6 *Corrected 8/27/26*	FCG ROE Study June 2026 (Including Spire)

Witness	Proffered By		Description
David Haag	FCG	DH-7 *Corrected 8/27/26*	FCG ROE Study June 2026 (Excluding Spire)
Joanah Baugh	FCG	JB-4	Reconciliation of Staff Audit Finding Number 3
Joanah Baugh	FCG	JB-5	Reconciliation of the PGA over/under recovery
Noah T. Russell	FCG	NTR-3	Schedules reflecting 1. Correction to Kollen Schedule; 2. FCG Adjusted Schedule; 3. Correction to Kollen Schedule; 4. FCG Adjusted Schedule; and 5. Blue Chip Financial Forecast May 1, 2026
Noah T. Russell	FCG	NTR-4	Prior MFR Schedule G-6 Page 3 of 3 (Docket 20220069-GU)
Michael Galtman	FCG	MG-2	Expense Reconciliation
Michael Galtman	FCG	MG-3 *Revised 9/15/26*	Transaction and Transition Cost Summary
Michael Galtman	FCG	MG-4 *Revised 9/15/26*	ROR Summary

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

1. FCG's Request for Confidential Classification of certain information contained in its Response to the Office of Public Counsel's First Request for Production of Documents, Nos. 11 and 12, filed May 8, 2026.

2. FCG's Request for Confidential Classification of certain information contained in its Response to the Office of Public Counsel's Second Request for Production of Documents, No. 26, filed May 21, 2026.

3. FCG's Request for Confidential Classification of certain information contained in its Response to the Office of Public Counsel's Fourth Request for Production of Documents, No. 47, filed June 10, 2026.

4. FCG's Request for Confidential Classification of certain information contained in Exhibit No. 4 to Galtman's Deposition, filed July 20, 2026.

5. FCG's Request for Confidential Classification of certain information contained in its Response to Staff's Ninth Set of Interrogatories, No. 119 and Staff's Sixth Request for Production of Documents, No. 26, filed August 25, 2026.

6. OPC's Request for Confidential Classification of certain information contained in its Response to Florida City Gas's Second Request for Production of Documents, No. 3, filed July 28, 2026.

7. OPC's Request for Confidential Classification of certain information contained in its Response to Staff's First Request for Production of Documents, No. 2, filed August 20, 2026.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 75 words, it must be reduced to no more than 75 words. Each party may provide a position statement of up to 125 words on two issues of its choosing. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 100 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed ten (10) minutes per party.

The Provision of Exhibits, as described in VI.G. of the Order Establishing Procedure, is hereby amended to be due by 10 AM on September 24, 2026.

It is therefore,

ORDERED by Commissioner Mike La Rosa, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Mike La Rosa, as Prehearing Officer, this 22nd day of September, 2026.

MIKE LA ROSA
Commissioner and Prehearing Officer
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MRT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.