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April 20, 2026

**BY E-FILING**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20260026-GU – Application for Rate Increase by Florida City Gas.**

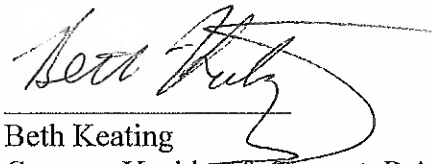
Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida City Gas, please find the Direct Testimony of Matt Everngam, as well as his Exhibits ME-1, ME-2, and ME-3.

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

(Document 2 of 27)

Sincerely,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20260026-GU: Petition for rate increase by Florida City Gas

Prepared Direct Testimony of Matthew Everngam

Date of Filing: April 20, 2026

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Matthew Everngam. My business address is 500 Energy Lane Suite 500,  
4 Dover, Delaware, 19901. I am employed by Chesapeake Utilities Corporation  
5 (“CUC”) as the Assistant Vice President of Regulatory Affairs. Chesapeake is the  
6 parent company of Florida City Gas (“FCG”).

7 **II. Statement of Qualifications**

8 **Q. Please describe your educational background and relevant professional**  
9 **experience.**

10 A. I lead the Company’s regulatory department and oversee major compliance filings  
11 across multiple jurisdictions, including the state of Florida. I have been with CUC’s  
12 regulatory department since 2010, and over the course of my career I have worked  
13 with several state and federal regulatory bodies, including commissions in Delaware,  
14 Maryland, Ohio, Florida, and the Federal Energy Regulatory Commission, which has  
15 expanded my understanding of cost-of-service principles, rate design, and the  
16 economic frameworks that shape utility regulation. My experience encompasses both  
17 traditional utility operations and the development of emerging energy initiatives,  
18 including renewable natural gas and liquefied natural gas projects.

19 Throughout my career, I have led numerous rate proceedings and regulatory  
20 compliance efforts for Chesapeake Utilities Corporation and its affiliates. These  
21 experiences have strengthened my expertise in evaluating revenue requirements,  
22 analyzing utility costs, and presenting regulatory recommendations that balance  
23 operational needs with customer impacts.

1 **Q. Have you previously filed testimony before the Florida Public Service**  
2 **Commission?**

3 A. Yes, I have provided written, pre-filed testimony in the Florida Public Utilities  
4 Company's Natural Gas rate case, which was addressed in Docket No. 20220067-GU.  
5 Most recently, I submitted testimony in Docket No. 20250035-GU, a proceeding  
6 involving FCG's 2025 depreciation study.

7 **Q. How will you refer to the Company?**

8 A. For clarity, when referring to Florida City Gas, I will refer to it as "FCG" or the  
9 "Company." When referring to Chesapeake Utilities Corporation, the parent company,  
10 I will refer to it as "Chesapeake" or "CUC" or the "Corporation."

11

12 **III. Purpose of Testimony**

13 **Q. What is the purpose of your testimony?**

14 A. My testimony provides a roadmap of FCG's request for rate relief, beginning with an  
15 overview of the Company's filing. I will also introduce each witness and summarize  
16 the aspect of the case that they will each support. I will explain FCG's need for  
17 increased revenue requirement, including the impact of rising costs, system  
18 investments, and operational requirements. I will also detail the steps the Company  
19 has taken to mitigate the need for a rate increase. I will summarize further  
20 improvements we have made at FCG since its acquisition by Chesapeake Utilities  
21 Corporation, including customer service enhancements, implementation of a new  
22 enterprise resource management system, and reduced depreciation expense as a result  
23 of the recent depreciation study. My testimony will also address the retention of the

1 acquisition adjustment which resulted from the 2004 acquisition of FCG by AGL and  
2 our partnership with the Rockledge Fire Department on safety resources. Also  
3 demonstrated and supported in my testimony as well as our other witnesses, FCG's  
4 current rates are insufficient to yield reasonable compensation for the services  
5 rendered and our request in this proceeding will result in new rates that are fair, just  
6 and reasonable.

7 **Q. Are you sponsoring any exhibits with your testimony?**

8 A. Yes. I am sponsoring Exhibit ME-1 is a list of Minimum Filing Requirements  
9 ("MFR") that I am sponsoring or co-sponsoring. ME-2 has been developed for  
10 informational purposes and ease of reference and identifies which Company witnesses  
11 support the respective MFR schedules. Additionally, ME-3 highlights the long-term,  
12 on-going cost savings that resulted from the 2004 acquisition of FCG.

13

14 **IV. Overview and Background of the Company**

15 **Q. Please give a general overview of the Company.**

16 A. Florida City Gas ("FCG") is a regulated natural gas distribution utility serving several  
17 of Florida's fastest-growing regions. With decades of operational history, FCG has  
18 played a central role in delivering safe, reliable, and affordable natural gas services to  
19 homes and businesses across its service territory.

20 FCG is the second largest natural gas utility in Florida. It serves approximately  
21 125,000 residential, commercial, and industrial customers in Florida. The utility's  
22 operations include the distribution, maintenance, and expansion of natural gas  
23 infrastructure that supports residential, commercial, and industrial customers

1 throughout key population centers in Miami-Dade, Broward, Brevard, Martin, Palm  
2 Beach, Hendry, Indian River and St. Lucie Counties, and notably, 9,000 more  
3 customers than in the Company's last rate case filed four years ago. FCG's service  
4 territory includes several of the most populous counties in Florida, positioning the  
5 utility as a critical energy provider in a rapidly expanding market. Its system includes  
6 extensive pipeline infrastructure designed to meet increasing customer demand while  
7 maintaining strong performance standards for safety and reliability.

8 The Company originally was known as Dade Gas, and was incorporated on April 2,  
9 1949, in Hialeah, Florida, as a propane distributor using underground pipelines. In the  
10 late 1950's, Dade Gas acquired a number of liquid propane (LP) gas companies in  
11 Dade and Broward counties. In 1959, the Company formed City Gas Company of  
12 Florida and began converting its underground propane distribution system to natural  
13 gas, which was accessed through Florida Gas Transmission Company's interstate  
14 pipeline system. With the conversion of the underground pipeline systems from LP to  
15 natural gas, the Company became regulated by the FPSC. In 1964, City Gas Company  
16 of Florida listed its common stock on the American Stock Exchange. In 1965, City  
17 Gas expanded natural gas into Brevard County to support the development of  
18 America's space program.

19 In July 1988, NUI Corporation, acquired the company and owned it for 16 years until  
20 AGL Resources Inc. ("AGLR") acquired the Company in 2004 and changed the name  
21 to FCG. On July 1, 2016, AGLR became a wholly owned subsidiary of The Southern  
22 Company.

1 On July 29, 2018, FCG was acquired by 700 Universe, LLC, a subsidiary of NextEra  
2 Energy, Inc. (“NextEra”), and subsequently transferred to Florida Power & Light  
3 Company (“FPL”). As a result of this transaction, FCG became a wholly owned, direct  
4 subsidiary of FPL.

5 In November 2023, Chesapeake announced and completed the acquisition of FCG  
6 from FPL. Chesapeake has a rich history in the natural gas industry. It began in 1859  
7 as the Dover Gas Light Company. CUC was later incorporated in the State of Delaware  
8 as "Chesapeake Utilities Corporation" in 1947. As a wholly owned subsidiary of  
9 Chesapeake, FCG now benefits from the parent company’s extensive experience in  
10 the natural gas industry, as well as its long-term commitment to operational excellence  
11 and disciplined investment. Chesapeake also owns Florida Public Utilities Company,  
12 reflecting CUC’s experience and knowledge of the Florida natural gas market. The  
13 CUC operations in Florida, as a whole, are well-positioned to leverage shared  
14 capabilities, enhance system resilience, and support continued infrastructure  
15 modernization.

16 Chesapeake’s service-related focus areas, which are shared by its subsidiaries,  
17 including FCG, include 4 primary areas:

- 18 1) Safety: FCG maintains rigorous safety protocols, invests in system integrity, and  
19 follows industry best practices to protect customers, employees, and communities.  
20 2) Reliability: The utility’s infrastructure investments and operational planning  
21 ensure dependable service, even as Florida’s population and energy needs grow.

1           3) Affordability: Natural gas remains one of the most cost-effective energy sources  
2           for Florida consumers, and FCG’s regulated structure supports stable, predictable  
3           rates.

4           4) Community Service: FCG and Chesapeake share a longstanding commitment to  
5           serving customers, community involvement, supporting local initiatives, economic  
6           development, and partnerships that strengthen the regions they serve.

7           With the backing of Chesapeake, FCG is well positioned to continue delivering safe,  
8           reliable, and affordable natural gas service while supporting Florida’s long-term  
9           energy needs and regulatory expectations.

10

11   **V.   Overview of the Company’s Request**

12   **Q.   Please provide an overview of the relief the Company is requesting in this**  
13   **proceeding and why it is doing so now.**

14   A.   FCG is requesting rate relief to recover the costs necessary to continue providing safe,  
15   reliable, and customer-focused natural gas service across its growing service territory.  
16   The Company’s revenue requirements have increased due to significant capital  
17   investments, including critical investments necessary to modernize key operating  
18   systems, thereby ensuring resilience and security, and rising operating costs to both  
19   meet customer requests for service and the need to modernize critical systems and  
20   infrastructure. These investments include system reliability projects, capacity  
21   enhancements and technology modernization initiatives such as the 1CX customer  
22   experience platform and the new enterprise resource planning (“ERP”) system.  
23   Collectively, these programs strengthen operational performance, enhance

1 cybersecurity, and will continue to enhance FCG's customer service capabilities.  
2 They do, however, also require substantial upfront capital investments and ongoing  
3 support.

4 FCG's request also reflects adjustments, as well as other changes and cost drivers that  
5 have changed since the Company's last rate proceeding. In addition, FCG's request  
6 reflects the updated depreciation rates approved in Docket No. 20250035-GU.

7 Approval by the Commission of the requested rate relief will ensure that FCG can  
8 continue meeting customer expectations, maintain system safety, and support  
9 long-term infrastructure resilience and growth in a prudent and financially sustainable  
10 manner.

11 **Q. What level of rate relief is the Company seeking in this proceeding?**

12 A. Using a projected test year ending December 31, 2027, the Company is seeking an  
13 increase in its base rates of \$63,273,876. Of that amount, \$16,402,944 is associated  
14 with moving the Company's current SAFE investments as of December 31, 2026, into  
15 rate base and resetting the SAFE surcharge to \$0, as contemplated by Order No. PSC-  
16 2015-0930-TRF-GU<sup>1</sup> The additional \$46,870,932 is necessary to allow FCG an  
17 opportunity to earn a fair return on our investment. On an annual basis, the total  
18 proposed increase is below the compounded inflation rate of over 24.77% since the  
19 historic base year in FCG's last rate case in 2022. The Company is proposing a return  
20 on equity of 11.25% that generates an overall midpoint rate of return of 8.31%.

21 We have selected the twelve-month period ending December 31, 2027, as the  
22 appropriate projected test year for our request. The resulting revenue increase would

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<sup>1</sup> Docket No. 20150116-GU

1 allow the Company the opportunity to earn a fair return on its investments, cover its  
2 cost of service, and attract the necessary capital for system reliability improvements,  
3 customer growth, and service enhancements detailed in this proceeding.

4 **Q. Is the Company also seeking Interim Rate Relief?**

5 A. Yes. Using the methodology set forth in Section 366.071, Florida Statutes, the  
6 Company has calculated that, pending a decision on final rates, it requires an annual  
7 interim relief of \$16,244,207 based on the historical test year ending December 31,  
8 2025. The specific calculation supporting the interim rate request will be covered in  
9 the testimony of Company Witness Joana Baugh.

10

11 **VI. Introduction of Company Witnesses**

12 **Q. Please identify the witnesses testifying on the Company's behalf and their areas  
13 of expertise.**

14 A. FCG will present a comprehensive panel of witnesses whose testimony, in conjunction  
15 with the accompanying "Investor-owned Natural Gas Utilities Minimum Filing  
16 Requirements" (MFRs), as required by Commission Rule 25-7.039, Florida  
17 Administrative Code (F.A.C.), revised tariff sheets, will fully support and explain  
18 FCG's need for the requested rate relief, as well as the reasonableness of the  
19 Company's proposals. Through the testimony of its witnesses and the documentation  
20 provided by the supporting MFRs and other exhibits, FCG will demonstrate that the  
21 requested rate increase and other associated requested changes are in the public  
22 interest.

23 The following witnesses are providing testimony in this proceeding:

1           **Joanah Baugh, Director of Regulatory Affairs**, will provide testimony summarizing  
2           the rate request and describing how various components of base rates are calculated.  
3           She will provide testimony on certain adjustments made to rate base and net operating  
4           income (“NOI”) in the filing and why the adjustments were appropriate. She will also  
5           provide testimony supporting the Company’s request to implement interim rates.

6           **Jessica Husted, Manager of Regulatory Affairs**, will provide testimony in support  
7           of the proposed miscellaneous service charges and other revenues. She will also  
8           provide testimony on rate case expenses and benchmarking.

9           **William Haffecke, Assistant Vice President of Florida Operations**, presents the  
10          operational basis for the Company’s capital and O&M needs. His testimony describes  
11          the condition of the natural gas system, historical performance, and the Company’s  
12          ongoing efforts to enhance safety, reliability, and customer service. He discusses major  
13          capital programs, the Company’s liquefied natural gas (“LNG”) operations, FCG’s  
14          proposed implementation of advanced metering infrastructure (“AMI”) and the  
15          anticipated benefits, as well as FCG’s system expansion projects. Witness Haffecke’s  
16          testimony will demonstrate that the Company’s investments are necessary and  
17          prudent.

18          **Brian Gilliam, Director of Business Analytics**, will provide testimony on the  
19          Company’s forecast methodology for capital investments. He will also discuss the  
20          costs associated with the AMI program.

21          **James Kendall, Regional Manager of Florida Operations**, will provide testimony  
22          on improvements that have been made to FCG’s operations since its acquisition by  
23          CUC.

1           **Abhijit Bhatwadekar, Senior Vice President and Chief Technology and**  
2           **Administrative Officer**, presents Chesapeake’s technology investments, planned new  
3           technology investments, and ERP implementation, and how these investments will  
4           improve system reliability and customer service for FCG.

5           **Michael Galtman, Senior Vice President and Chief Accounting Officer**, will  
6           provide an overview of ERP costs and business transformation, which will benefit  
7           FCG.

8           **Kim Estrada, Assistant Vice President of Customer Operations**, addresses  
9           customer service operations, including CIS, customer satisfaction, and initiatives to  
10          address customer concerns specific to FCG.

11          **George Navo, Assistant Vice President of Financial Reporting**, will provide  
12          testimony on historic books and records for FCG, as well as Chesapeake’s corporate  
13          and business unit allocation methods. He will also provide testimony on integration  
14          costs associated with the acquisition of FCG by Chesapeake, intercompany loans, the  
15          inapplicability of the parent debt adjustment, as well as payroll and benefits forecast  
16          methodology.

17          **Tina Barrington, Director of Human Resources**, will provide testimony on the  
18          Corporation’s compensation plans and employee engagement activities, as well as  
19          how these benefit FCG.

20          **Terry Deason, Consultant**, will provide testimony addressing retention of the  
21          acquisition adjustment approved by Commission Order No. PSC-2007-0913- PAA-  
22          GU, issued in Docket No. 20060657-GU, and retained by Order No. PSC-2023-0299-  
23          FOF-GU, issued in Docket No. 20220069-GU.

1           **Noah Russell, Assistant Vice President and Treasurer**, presents the Company's  
2           capital structure and financing strategy under Chesapeake. His testimony explains the  
3           components of long-term debt, short-term debt, and equity, and discusses insurance,  
4           and the Company's risk profile. He will also provide testimony regarding income  
5           taxes.

6           **David Haag, President and Chief Executive Officer of Brown Williams Moorhead**  
7           **& Quinn**, will provide testimony on the cost of capital, how that is determined for  
8           FCG given its relationship with Chesapeake, and the appropriate return on equity for  
9           the Company.

10          **John Taylor, Consultant with Atrium Economics**, will provide testimony regarding  
11          the cost-of-service study, weather normalizing billing determinants, rate class  
12          restructuring, revenue increase apportionment and rate design.

13          **Dan Noia, Director of Energy Logistics**, provides testimony on the Company's  
14          transportation service program and tariff, gas management system, and various  
15          capacity planning topics.

16          **Wraye Grimard, Consultant with Wraye Grimard LLC**, will provide testimony  
17          supporting other miscellaneous tariff modifications proposed as part of the Company's  
18          filing.

19

20   **VII. Need for Rate Relief**

21   **Q.   Why is FCG requesting rate relief at this time?**

22   A.   FCG operates a capital-intensive business that requires sustained long-term investment  
23          to maintain safe, reliable, and resilient natural gas service. Since the Company's last

1 rate proceeding, FCG has undertaken significant infrastructure improvements,  
2 addressed capacity constraints, enhanced safety initiatives—and advanced major  
3 modernization initiatives such as the 1CX Customer Experience Platform and the  
4 Enterprise Resource Planning (“ERP”) system on track for implementation in mid-  
5 2027. These investments are essential to improving system performance, enhancing  
6 cybersecurity, supporting customer service enhancements and reducing future cost  
7 increases.

8 Since its last rate case, FCG has experienced cost pressures that exceed inflation,  
9 including increases in materials, labor, insurance, and property-related expenses, as  
10 well as the need for additional staffing and programs to meet customer growth and  
11 operational expectations. While the Company has realized efficiencies through  
12 Chesapeake’s integrated operations, these measures are not sufficient to offset the  
13 rising costs of providing service. Additionally, as evidenced by FCG’s under-earnings  
14 and related need to utilize the RSAM mechanism approved in its last base rate case,  
15 the revenues and rate relief authorized in FCG’s 2022 rate case ultimately proved to  
16 be insufficient to allow the Company an opportunity to earn within its approved  
17 earnings range for any extended period of time. Accordingly, a rate increase has  
18 become necessary to generate the revenues necessary to allow FCG a reasonable  
19 opportunity to recover its prudent investments, maintain financial stability, and earn a  
20 fair rate of return. This will, in turn, support Chesapeake’s ability to attract capital at  
21 reasonable terms to the benefit of FCG, as well as the Company’s continued  
22 investment in the infrastructure and systems required to serve customers safely and  
23 reliably.

1 **Q. When was the last rate relief requested by FCG?**

2 A. FCG most recently requested rate relief 4 years ago in 2022, when it filed a general  
3 rate case with the Florida Public Service Commission, resulting in Order No.  
4 PSC-2023-0177-FOF-GU.

5 **Q. Is the Company currently earning a reasonable rate of return?**

6 A. No. The last Commission Order approved a rate of return of 6.44%. The allowed rate  
7 of return using actual 2025 data is 7.60%. The Company's achieved Rate of Return  
8 ("ROR") as of December 31, 2025, is 5.07%, and its projected ROR at the end of 2027  
9 is 2.00%.

10 **Q. What are the key drivers underlying FCG's need to seek rate relief at this time?**

11 A. There are a number of factors involved, but the key drivers are: 1. Prudent and  
12 necessary capital investments in FCG's system; 2. Rising operation and maintenance  
13 ("O&M") costs; and 3. Critical technology investments in the areas of cybersecurity,  
14 customer interfaces, account management and billing, and infrastructure resilience.  
15 While these drivers are more specifically addressed by the witnesses introduced in Part  
16 VI of my testimony, I offer the following overview.

17 **1. Capital Investments in FCG's natural gas system.** A primary driver of the  
18 requested rate relief is the substantial increase in capital investment required to  
19 maintain and enhance the Company's natural gas distribution system. As described by  
20 Will Haffecke, FCG's operations witness, the Company has undertaken major  
21 infrastructure improvements to support system safety and reliability, accommodate  
22 customer growth, and address capacity constraints. These investments include  
23 distribution system upgrades, pipeline integrity initiatives, and strategic expansion

1 projects. The Company's service territory continues to experience sustained growth,  
2 requiring additional infrastructure to meet rising demand and ensure that customers  
3 continue to receive safe and dependable service. These capital projects are essential,  
4 but they also increase rate base and the associated revenue requirement.

5 **2. Increases in O&M costs.** In addition to capital investments, FCG faces rising  
6 O&M costs that exceed general inflation. Witnesses Navo, Gilliam, Haffecke,  
7 Barrington, Russell, Estrada, Galtman and Bhatwadekar provide support for the cost  
8 increase factors, including labor expenses, increased property taxes, insurance cost  
9 escalation, and the impacts of supply chain pressures on materials and contracted  
10 services.

11 **3. Implementation of Current Technology.** Another major driver of the Company's  
12 request is the need for technological transformation. FCG's legacy systems are no  
13 longer adequate to support the scale, complexity, and cybersecurity requirements of a  
14 modern natural gas utility. As outlined by Witness Bhatwadekar and Witness Galtman,  
15 the Company is implementing a new enterprise resource planning ("ERP") system on  
16 the same platform as the 1CX customer experience platform, which was implemented  
17 shortly after the acquisition by Chesapeake Utilities Corporation. These initiatives  
18 replace outdated systems with integrated, secure, and efficient technology that  
19 enhances billing accuracy, strengthens internal controls, improves customer  
20 interactions, and supports long-term operational planning. The ERP system  
21 consolidates financial, procurement, asset management, and human resources  
22 functions, while 1CX modernizes customer experience, customer information, field  
23 services and billing processes. As further addressed by Witness Estrada, these systems

1 will also enhance the Company's customer-facing activities, including customer  
2 service operations, billing, and field services. The associated cost increases reflect both  
3 the expanding customer base and heightened expectations for service quality,  
4 responsiveness, and communication. These technology investments are essential to  
5 improving service quality and operational resilience today, while preparing for the  
6 technology of the future - but they also require significant capital and ongoing support  
7 costs.

8 As described in Section IX.A, FCG, and most importantly, our customers have  
9 benefited from improvements that increase reliability, enhance safety, and improve  
10 customer service. Additionally, efficiencies, in the longer term, are expected to put  
11 downward pressure on future rate increases. The improvements we describe  
12 throughout FCG's testimony in this proceeding will increase efficiency and improve  
13 system performance, but they also require investment in new systems, training, and  
14 integration activities. The Company has taken steps to mitigate costs through  
15 economies of scale and process improvements, but these measures cannot fully offset  
16 the rising costs of providing service in a growing and increasingly complex operating  
17 environment.

18 FCG emphasizes the importance of balancing the need for investment with the need  
19 to maintain affordability for customers. The Company recognizes that rate increases  
20 must be justified, prudent, and aligned with the public interest. The investments  
21 underlying this request are focused on enhancing system reliability and resilience,  
22 improving customer service, modernizing critical systems, and preparing for future  
23 technologies.

1 In summary, the Company's request for rate relief is driven by necessary infrastructure  
2 investments, rising operating costs, customer growth, and essential technology  
3 modernization initiatives. Collectively, these factors demonstrate that the requested  
4 rate relief is both reasonable and necessary to support the continued safe and reliable  
5 operation of the natural gas system, while positioning the Company to meet the  
6 evolving needs of its customers and the energy landscape of the future.

7

8 **VIII. Steps Taken to Avoid Requesting a Rate Increase**

9 **Q. What steps has the Company taken to avoid or delay this request?**

10 A. FCG recognizes that rate increases directly affect customers and should be pursued  
11 only when necessary. Before filing this request, the Company undertook appropriate  
12 steps to attempt to defer the need for rate relief, including implementing operational  
13 efficiencies including shared operating resources with our FPUC business unit,  
14 leveraging post-acquisition benefits from Chesapeake including shared services at the  
15 corporate level, reviewing expenditures and implementing cost management steps  
16 within FCG. The Company did delay the filing of this case while the Company's most  
17 recent depreciation study was before the Commission. This time also allowed us to  
18 look for additional cost savings. At the time of the depreciation study filing in  
19 February of 2025, the Company was hopeful that approval of the proposed study  
20 would enable FCG to delay the rate case longer and significantly reduce or replace an  
21 interim rate increase, but the depreciation outcome was not sufficient to enable further  
22 delay. Because the Company was, however, already under-earning during the  
23 pendency of its depreciation study, customers did experience a period of rate relief

1 benefits. This also allowed Chesapeake additional time to work on leveraging  
2 efficiencies and to become more familiar with the capabilities and needs of the  
3 Company.

4

5 **IX. Miscellaneous**

6 **A. Post Acquisition Benefits**

7 **Q. What benefits have rate payers realized from Chesapeake Utilities Corporation's**  
8 **acquisition of FCG?**

9 A. FCG rate payers benefit from infrastructure and safety improvements, as will be  
10 discussed by Witness Haffecke. FCG is also fully focused on increased capacity for  
11 peak load as discussed by Witness Noia, as well as major modernization initiatives  
12 such as the 1CX Customer Experience Platform discussed by Witness Estrada, and the  
13 new ERP system discussed by witnesses Bhatwadekar and Galtman. The overall  
14 benefits to customers when these projects are fully realized will be increased  
15 reliability, enhanced safety and customer service, as well as business efficiencies that,  
16 in the longer term, are expected to put downward pressure on rates. Chesapeake has  
17 the ability to realize these goals by virtue of its significant experience in this industry,  
18 its prudent cost management and capital deployment practices, and its ability to access  
19 capital on favorable financial terms. In this case, we will demonstrate that these  
20 investments are necessary and prudent and will ensure FCG's ability to continue to  
21 provide safe, reliable, resilient natural gas service for its ratepayers.

1           **B.     Customer Service Enhancements**

2   **Q.    Is the Company planning to take steps to further improve its service to**  
3           **customers?**

4   **A.**    Yes, as stated by Witness Estrada, CUC's customer experience primary goal is to serve  
5           its customers with excellence at every touchpoint, which will ultimately result in  
6           becoming a top quartile customer service organization. CUC has prioritized finding  
7           the right people, process and technology to transform FCG into a best-in-class  
8           customer-centric organization. Customer service accountability starts with a  
9           commitment to listen to and learn from our customers so that we fully understand their  
10          energy needs and can better assist them. FCG is committed to increasing customer  
11          engagement, retention, and growth by making investments to ensure it is easy for our  
12          customers to communicate with and to do business with us. To accomplish this, there  
13          are several technology projects and customer service initiatives scheduled for 2026  
14          and beyond that will improve the functionality and automation of our systems, as well  
15          as improve information and access provided to FCG's customers. Witness Estrada  
16          will share additional information about these initiatives in her testimony.

17   **Q.    What improvements are being made to FCG's customer service?**

18   **A.**    Many of these benefits are rooted in the 1CX Customer Experience platform, which  
19          has modernized FCG's customer information system, linking customer data with  
20          service management, bill management and an enhanced customer portal. 1CX replaces  
21          legacy systems with a more robust, scalable solution designed to improve efficiency  
22          and deliver superior customer experience for all FCG customers.

1           Going forward, FCG has several other customer service enhancements planned and in  
2           process, including additional notification and virtual assistant support, increased  
3           options for service management, and further bill management options.

4           **C.     Depreciation Study**

5           **Q.     Has the Company incorporated the depreciation rates and parameters approved**  
6           **by the Commission in Docket No. 20250035-GU?**

7           **A.**     Yes, the Company has utilized the Commission approved depreciation rates and net  
8           salvage factors from that docket. Additionally, the Commission ordered a net salvage  
9           imbalance of approximately \$6.8 million to be amortized over a remaining life  
10          methodology. In total the depreciation study rates have reduced the revenue  
11          requirement in this case by \$504,634, versus the Company's previously approved  
12          depreciation rates.

13          **D.     Retention of Acquisition Adjustment Approved by Order No. 2007-0913**

14          **Q.     Please explain the acquisition adjustment you are addressing.**

15          **A.**     The acquisition adjustment pertains to the remaining unamortized portion of the  
16          positive acquisition adjustment associated with the 2004 acquisition of FCG by AGL  
17          Resource approved by the Commission in Order No. PSC-2007-0913- PAA-GU  
18          ("2007 Acquisition Adjustment Order"), issued in Docket No. 20060657-GU. In  
19          FCG's 2022 rate case, the Commission allowed FCG to retain the unamortized balance  
20          on its books as set forth in Order No. PSC-2023-0299-FOF-GU, issued in Docket No.  
21          20220069-GU. That approval is, however, one of two issues subject to a pending  
22          appeal of that decision. Witness Deason will discuss the Commission's historic policy  
23          related to acquisition adjustments and how those policy considerations should be

1 applied to FCG's request to allow it to continue to retain the unamortized portion of  
2 the acquisition adjustment approved in the 2007 Acquisition Adjustment Order until  
3 fully amortized. As Witness Deason will explain, the analysis historically used by the  
4 Commission to determine whether a company should be allowed to record, and retain,  
5 a positive acquisition adjustment is comprised of five considerations on whether the  
6 acquisition resulted in: (1) increased quality of service; (2) lower operating costs; (3)  
7 increased ability to attract capital for improvements; (4) lower overall cost of capital;  
8 and (5) more professional and experienced managerial, financial, technical and  
9 operational resources. These considerations are referred to as the "five factor" test.

10 **Q. Is the Company requesting recovery of the acquisition adjustment associated**  
11 **with the 2023 acquisition of FCG by CUC?**

12 A. No, not at this time.

13 **Q. What is the overarching purpose of the "five factor" test?**

14 A. As I understand it, and as explained in greater detail by Witness Deason, the  
15 underlying purpose of the test is to guide the Commission in determining whether the  
16 acquisition was in the public interest, and therefore, to provide a basis for the purchase  
17 premium to be recognized as a regulatory asset.

18 **Q. Is retention of the 2004 Acquisition Adjustment still in the public interest?**

19 A. Yes. The 2004 Acquisition Adjustment has been addressed in Docket No. 20220069-  
20 GU, as well as within testimony in Docket No. 20170179-GU. In addition, the  
21 inclusion of the 2004 Acquisition Adjustment and related amortization in base rates is  
22 consistent with the treatment for any other regulatory asset or liability that FCG had  
23 in its books when it became a wholly-owned subsidiary of Chesapeake. There is no

1 need to make an adjustment to remove the 2004 Acquisition Adjustment and  
2 associated amortization from FCG's 2027 Test Year, nor would it be fair to do so. As  
3 the Commission explained in its 2007 order, Order No. 2007-0913-PAA-GU, the  
4 Commission can – and did – authorize FCG to record the \$21,656,835 purchase price  
5 premium as a positive acquisition adjustment to be amortized over a 30-year period  
6 beginning November 2004 in Account 406, Amortization of Gas Plant Acquisition  
7 Adjustments, which is an above-the-line expense account. The Commission further  
8 stated that it would review the “permanence of the cost savings supporting FCG’s  
9 request” in the Company’s next rate case.

10 As the Commission noted in FCG’s last rate case order, Order No. 2023-0177-FOF-  
11 GU (“2022 Rate Order”), the Commission has allowed acquisition adjustments,  
12 outside of the water and wastewater industry, to be retained through subsequent  
13 acquisitions, which is, again, consistent with the treatment of other regulatory assets  
14 or liabilities. *See*, 2022 Rate Order at page 27, citing Order No. PSC-03-0038-FOF-  
15 GU, issued January 6, 2003, in Docket No. 020384, *In re: Petition for rate increase*  
16 *by Peoples Gas Systems*; and Order No. 23858, issued December 11, 1990, in Docket  
17 No. 891353, *In re: Application of Peoples Gas System, Inc. for a rate increase*. The  
18 Commission therefore agreed that FCG should be allowed to retain the 2004  
19 Acquisition Adjustment and that it would be reviewed, again, in FCG’s next base rate  
20 case. Id.

21 When it was initially approved, the Commission agreed that FCG had met the required  
22 test and established a 30-year amortization period beginning November 2004.  
23 Approximately 8 years still remain of that initial 30-year amortization period. As of

1 the historic base year 2025, the net amount of the regulatory assets on FCG's books is  
2 \$6,376,734.

3 **Q. Did the Company experience savings and synergies as a result of the original**  
4 **acquisition that resulted in the 2004 acquisition adjustment?**

5 A. While I am not familiar with that acquisition, the Commission did find that the  
6 acquisition of NUI by AGL Resources resulted in significant synergies and savings to  
7 customers. I note that the Commission stated at page 8 of that Order, that the acquiring  
8 entity, AGL Resources, brought "substantial expertise in the business to bear," which  
9 is similar to the experience leveraged by Chesapeake. From my limited knowledge of  
10 the subsequent acquiring entities except for Chesapeake, with each subsequent  
11 acquisition, it appears to me that the acquiring company has continued to deliver  
12 additional value and benefits when compared against the baseline established in the  
13 original acquisition from NUI.

14 **Q. Does retention of the 2004 Acquisition Adjustment still meet the Five Factor**  
15 **Test?**

16 A. Yes. While time and inflation make quantification of the savings somewhat  
17 challenging, in my opinion, retention of the 2004 Acquisition Adjustment still meets  
18 the Five Factor Test, as I will explain below.

19

20 **1. Increased quality of service**

21 **Q. Has the acquisition resulted in improved quality of service for customers?**

22 A. Yes, as I will discuss below and as further evidenced in the testimonies of the  
23 Company's various witnesses, FCG customers continue to benefit from increased

1 service related to cost savings, enhanced customer service resources, lower cost  
2 capital, dedication to safety and reliability, focused capacity planning and a committed  
3 workforce. Recently, both FCG and FPUC were recognized as 2025 Utility Customer  
4 Champions by Escalent. This award recognized the two utilities as being among just  
5 36 providers nationwide honored for delivering exceptional service and demonstrating  
6 a strong commitment to customer satisfaction.

7

8 **2. Cost Savings**

9 **Q. Does FCG still have cost savings?**

10 A. Yes, as determined in the previous approval of the acquisition adjustment, FCG saw  
11 cost savings as a result of the 2004 acquisition from NUI. As shown in Exhibit ME-3,  
12 these savings continue. Exhibit ME-3 compares the actual cost of the acquisition  
13 adjustment by year for 2025 to 2027 to the current savings in costs in order to support  
14 the continued benefits. This exhibit is similar to that which was provided in Docket  
15 No. 110133-GU when the PSC approved the acquisition premium associated with  
16 CUC's purchase of FPUC in Order No. PSC-12-0010-PAA-GU.

17 As shown in my exhibit, the Company can still show cost savings in compliance with  
18 one of the five factor tests.

19 Additionally, as noted below and in Witness Russell's testimony, FCG has better  
20 access to lower cost capital which also provides savings.

21 **3. Better access to lower cost capital (Factors 3 & 4)**

22 **Q. Has the Company been better able to attract lower cost capital since the**  
23 **acquisition?**

1 A. Absolutely. As Witness Russell discusses, FCG and its customers have benefited from  
2 the enhanced ability to attract capital for infrastructure projects ever since the  
3 acquisition by AGLR. Even today, Chesapeake's credit rating is significantly higher  
4 than that of the ownership of FCG at the time of the 2004 Acquisition Adjustment.  
5 Chesapeake's investment-grade credit rating provides access to competitively priced  
6 capital. The improved access to capital is instrumental in completing large expansion  
7 projects, as well as safety and reliability projects, and necessary technology and  
8 customer service enhancement projects at a lower cost that would have been available  
9 based on the credit rating of the previous owner in connection with the 2004  
10 Acquisition adjustment.

11

12 **4. More professional and experienced managerial, financial, technical, and**  
13 **operational resources:**

14 **Q. How have FCG's customers benefited from more professional and experienced**  
15 **financial, technical and operational resources?**

16 A. Yes, FCG's customers have benefited from more professional leadership and  
17 enhanced resources ever since the initial acquisition by AGLR. Today, under  
18 Chesapeake Utilities, FCG continues to benefit with the depth of the management team  
19 and natural gas primary focus of the greater CUC organization. As discussed in the  
20 Testimonies of Witnesses Estrada, Galtman and Bhatwadekar, CUC is investing in  
21 technical and operational upgrades with our 1CX and 1Core ERP projects. These  
22 projects will bring customer service enhancements and operational excellence to the  
23 FCG customers. As discussed by Witness Russell, CUC's strong financial position

1 provides financial resources and access to lower cost capital that benefits FCG  
2 customers.

3 Witness Haffecke discusses CUC's continued commitment to safety. Within the last  
4 several years CUC has opened Safety Towns, hands on training facilities, in both its  
5 Florida and Delaware service territories. And as I discuss later in my testimony, FCG  
6 is continuing this focus on safety by supporting enhanced training facilities in  
7 Rockledge, FL. Additionally, CUC's recognition as a Top Workplace for over ten  
8 years and its receipt of a Top Workplace USA award for mid-sized companies in both  
9 2021 and 2022, demonstrates that our organization is able to attract and retain top-tier  
10 personnel. Highly engaged employees have been shown to deliver increased  
11 performance on the job, thereby generating lower operating costs and enhancing all  
12 aspects of service to our customers.

13

14 **E. Non-Payroll Adjustments for Projected Costs Over Inflation and**  
15 **Customer Growth**

16 **Q. Please explain the adjustment to operating expenses for the Rockledge**  
17 **Department of Safety Regional Training Center on Schedule G-2 page 19g.**

18 A. The Safety Regional Training Center is a facility used to train first responders,  
19 including our employees, on how to safely handle diverse types of fires and first  
20 responder situations. FCG is partnering with the Rockledge Fire Department to support  
21 upgrades and renovations to the facility, amounting to \$100,000 per year over five  
22 years. This payment will add to the Company's safety town resources and allow the  
23 Company to send field service employees for periodic training at this facility. In

1 addition to providing our employees with valuable safety training, this facility will  
2 train first responders in the area, providing safety benefits to our customers and the  
3 entire surrounding community.

4 **Q. Please summarize where FCG is today, and what future benefits you believe**  
5 **customers can expect from CUC in future years?**

6 A. When CUC considered the acquisition of FCG, it saw a distribution company and its  
7 customers who would benefit from a leadership primarily focused on natural gas.  
8 CUC saw opportunities to help expand service to local areas and businesses who were  
9 not currently served, to improve safety and reliability, and to provide necessary focus  
10 on important capacity planning concerns in the region. FCG is now benefiting from  
11 the experience that CUC brings from operating other, similarly-situated natural gas  
12 utilities, including FPUC. CUC has been a leader in providing safe, reliable service to  
13 its customers including over 230,000 natural gas customers in Florida. FCG's focus  
14 on safety is at the forefront of all decisions and is being enhanced through investments  
15 in training facilities and our partnerships with local communities. We continue to  
16 prioritize reliability projects and are dedicated to solving capacity issues for our  
17 customers in all of our service territories, especially in South Florida. Our 1CX  
18 customer service platform has provided new service options to our customer base and  
19 future enhancements will allow FCG to further strengthen our top-tier customer  
20 service. The Company anticipates that through the implementation of technology  
21 addressed in this request, such as the new ERP system, and with additional time to  
22 realize and leverage efficiencies across the CUC platform in Florida, FCG will find  
23 more ways to mitigate inflationary factors and improve cost savings for its customers.

1 Through all of these efforts, FCG will continue to grow and evolve in order to provide  
2 top-tier safe and reliable service to our customers.

3

4 **Q. Does this conclude your testimony?**

5 A. Yes.

**Florida City Gas**  
**Witness Matthew Everngam's Sponsored or Co-Sponsored MFRs**

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FLORIDA CITY GAS  
**MINIMUM FILING REQUIREMENTS**

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FLORIDA CITY GAS  
EVALUATION OF ACQUISITION ADJUSTMENT

Exhibit ME-3  
Docket No. 20260026-GU  
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	<b>2025</b>	<b>2026</b>	<b>2027</b>
NET BALANCE OF ACQUISITION ADJUSTMENT PREMIUM	6,376,734	5,654,838	4,932,942
RETURN ON INVESTMENT	7.60%	7.61%	8.31%
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	484,632	430,333	409,927
INCOME TAXES	122,830	109,068	103,896
	<hr/>	<hr/>	<hr/>
PRE-TAX RETURN	607,462	539,401	513,824
AMORTIZATION EXPENSE	721,896	721,896	721,896
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TOTAL PREMIUM COST	1,329,358	1,261,297	1,235,720
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O & M COSTS 2023 PER ORDER PSC-2002-128-PAA-GU	22,906,546	22,906,546	22,906,546
INFLATION AND GROWTH FACTOR	2.1373	2.2304	2.331
	<hr/>	<hr/>	<hr/>
	48,958,161	51,090,760	53,395,159
O & M COSTS PER G2 PAGE 1	40,130,443	39,938,288	46,623,423
	<hr/>	<hr/>	<hr/>
CURRENT COSTS LESS THAN INFLATED 2023 COSTS	8,827,718	11,152,472	6,771,736
SAVINGS LESS PREMIUM COST	7,498,360	9,891,175	5,536,016
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Year	Total Customers			Average CPI			Compound Multiplier (A X B)
	Amount	% Increase	A Compound Multiplier	Amount	% Increase	B Compound Multiplier	
2003	102,452		1.0000	184.0000		1.0000	1.0000
2004	103,573	1.09%	1.0109	188.9000	2.66%	1.0266	1.0379
2005	103,090	-0.47%	1.0062	195.3000	3.39%	1.0614	1.0680
2006	104,174	1.05%	1.0168	201.6000	3.23%	1.0957	1.1141
2007	103,937	-0.23%	1.0145	207.3424	2.85%	1.1269	1.1432
2008	103,305	-0.61%	1.0083	215.3025	3.84%	1.1701	1.1799
2009	102,814	-0.48%	1.0035	214.5370	-0.36%	1.1660	1.1701
2010	103,375	0.55%	1.0090	218.0555	1.64%	1.1851	1.1958
2011	103,708	0.32%	1.0123	224.9392	3.16%	1.2225	1.2375
2012	104,360	0.63%	1.0186	229.5939	2.07%	1.2478	1.2710
2013	104,932	0.55%	1.0242	232.9571	1.46%	1.2661	1.2967
2014	105,858	0.88%	1.0332	236.7362	1.62%	1.2866	1.3294
2015	107,236	1.30%	1.0467	237.0170	0.12%	1.2881	1.3483
2016	107,558	0.30%	1.0498	240.0072	1.26%	1.3044	1.3694
2017	108,586	0.96%	1.0599	245.1196	2.13%	1.3322	1.4119
2018	109,702	1.03%	1.0708	251.1040	2.44%	1.3647	1.4613
2019	111,217	1.38%	1.0856	263.1200	4.79%	1.4300	1.5523
2020	113,618	2.16%	1.1090	258.8110	-1.64%	1.4066	1.5599
2021	115,642	1.78%	1.1287	270.9700	4.70%	1.4727	1.6623
2022	117,752	1.82%	1.1493	292.6550	8.00%	1.5905	1.8280
2023	120,125	2.02%	1.1725	304.7020	4.12%	1.6560	1.9416
2024	122,591	2.05%	1.1966	313.6890	2.95%	1.7048	2.0400
2025	125,151	2.09%	1.2216	321.9430	2.63%	1.7497	2.1373
2026	127,452	1.84%	1.2440	329.8904	2.47%	1.7929	2.2304
2027	129,969	1.97%	1.2686	338.0899	2.49%	1.8374	2.3310

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony and Exhibits of Matt Everngam have been furnished by Electronic Mail to the following parties of record this 20<sup>th</sup> day of April, 2026:

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 <a href="mailto:jcrawfor@psc.state.fl.us">jcrawfor@psc.state.fl.us</a>	Office of Public Counsel Walter Trierweiler/Charles Rehwinkel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Trierweiler.walt@leg.state.fl.us">Trierweiler.walt@leg.state.fl.us</a> <a href="mailto:Rehwinkel.Charles@leg.state.fl.us">Rehwinkel.Charles@leg.state.fl.us</a>
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