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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.

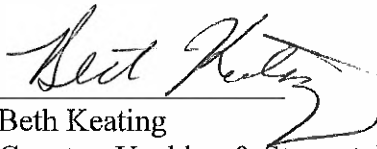
Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida City Gas, please find the Direct Testimony of Michael Galtman, as well as his Exhibit MG-1.

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 4 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 Michael Galtman

Date of Filing: April 20, 2026

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1 **I. Introduction**

2 **Q. What is your name and business address?**

3 **A.** My name is Michael Galtman. My business address is 100 Commerce Drive, Suite
4 200, Newark, DE 19713.

5 **Q. By whom are you employed and in what capacity?**

6 **A.** I am employed by Chesapeake Utilities Corporation (“Chesapeake”), the corporate
7 parent of Florida City Gas, as Senior Vice President and Chief Transformation
8 Officer. I was promoted to this position on April 1, 2026. In my new role, I will
9 oversee Chesapeake’s enterprise resource planning (“ERP”) implementation, and
10 I will have responsibility for the financial planning and analysis, strategic modeling
11 and treasury departments. Prior to assuming my new position, and during the
12 preparation of the Company’s Minimum Filing Requirements, I served as Senior
13 Vice President and Chief Accounting Officer, with responsibility for all accounting
14 functions including general accounting, business unit accounting, SEC reporting,
15 accounting policy and tax.

16 **Q. Please describe your educational background and professional experience.**

17 **A.** In 1997, I received a Bachelor of Science in Accounting from Rutgers University
18 in Camden, New Jersey and I am a licensed Certified Public Accountant in
19 Pennsylvania. I have been in my current position as Senior Vice President and
20 Chief Accounting Officer of Chesapeake Utilities Corporation since April 2019.
21 Prior to joining Chesapeake Utilities Corporation, I held various accounting
22 leadership roles, including the role of Chief Accounting Officer at Sunoco
23 Logistics Partners LP, which was a subsidiary of Energy Transfer. Sunoco
24 Logistics Partners LP owned and operated midstream assets that transport crude
25 oil, refined products and natural gas liquids and had certain assets that are regulated

1 by the FERC and the respective state public service commission where the assets
2 were located.

3 **Q. How will you refer to the Company in your testimony?**

4 A. When referring to Florida City Gas, I will refer to it as “FCG” or the “Company.”
5 When referring to Chesapeake Utilities Corporation, I will refer to it as
6 “Chesapeake” or “CUC.”

7 **Q. Have you filed testimony before the Florida Public Service Commission
8 (“Commission”) in prior cases?**

9 A. Yes. I have provided written, pre-filed testimony in FPUC’s recent electric rate
10 case in Docket No. 20240099-EI, as well as Docket No. 20200194-PU, which
11 addressed FPUC’s request to establish regulatory assets for Covid-19 costs. In
12 addition, I provided written, pre-filed testimony and live testimony in FPUC’s
13 natural gas rate case in Docket No. 20220067-GU.

14 **Q. Have you previously provided testimony before other regulatory bodies?**

15 A. Yes, I have also filed testimony in another rate case proceeding before the public
16 service commission of Maryland.

17

18 **II. Purpose of Testimony**

19 **Q. What is the purpose of your testimony in this proceeding?**

20 A. The purpose of my testimony is to explain and support Chesapeake’s investment
21 in its enterprise resource planning (“ERP”) program as it relates to FCG and to
22 demonstrate why the investment is prudent, reasonable and necessary to support
23 the Company’s ongoing operations, regulatory compliance and long-term service
24 to customers. Specifically, my testimony will describe the scope and objectives of
25 the ERP implementation as it applies to Chesapeake and Florida City Gas, explain

1 why continued investment in modern financial and operational systems is
2 necessary to address limitations in legacy processes and demonstrate how the ERP
3 program enhances operational efficiency, data integrity, internal controls and
4 regulatory reporting. My testimony will further explain how the ERP platform
5 supports scalable growth, provides the opportunity to improve FCG's operating
6 cost structure and enables data-driven decision making which helps to mitigate
7 future costs increase on customers.

8 My testimony is intended to complement Witness Bhatwadekar, who addresses
9 FCG's customer-facing systems, core technology infrastructure, cybersecurity and
10 overall information technology environment. While his testimony focuses on
11 technology platforms that directly support customers and field operations, my
12 testimony focuses on enterprise financial and operational systems that support
13 supply chain, human resources, enterprise asset management and finance and
14 accounting processes. In addition to the ERP, my testimony also provides
15 background on the business transformation impacts of the 1CX system
16 implementation.

17 **Q. Do you have any exhibits which you will refer to in your testimony?**

18 A. Yes. Attached as Exhibit MG-1 is a list of MFRs that I am sponsoring.

19

20 **III. Overview of the ERP Program and Relationship to 1CX**

21 **Q. What is Chesapeake's ERP program?**

22 A. Chesapeake's ERP program is a multi-year initiative to modernize and integrate
23 core financial and operational business systems centered around SAP, a leading
24 provider of enterprise resource planning software solutions. Implementing the SAP
25 software will allow Chesapeake, and FCG, to manage and integrate their core

1 business activities within a single system. The scope of the ERP program includes
2 the implementation of SAP software to support various business processes
3 including procurement, asset management, human resources, project accounting
4 and finance/accounting. The ERP program is designed to replace CUC's legacy
5 systems that are fragmented, aging towards obsolescence, increasingly difficult to
6 support and not fully aligned with the Chesapeake's operational scale, regulatory
7 requirements and internal control needs.

8 The ERP program, combined with the technology enhancements described by
9 Witness Bhatwadekar, will enhance service capability by providing a centralized,
10 modern technology platform that supports efficient and affordable service.

11 For FCG, the ERP program provides a centralized software program that enables
12 consistent business processes, improved data integrity, and enhanced business
13 decision making using financial and operational data. By reducing reliance on
14 fragmented systems and manual processes, the ERP platform serves to strengthen
15 internal controls, improve regulatory reporting and support future growth as FCG
16 grows to meet the needs of its customers.

17 **Q. Why is Chesapeake investing in an ERP and the related technology now?**

18 A. SAP is widely used across the energy and utility industry because of its capability
19 of supporting complex, capital intensive businesses while meeting requirements
20 for financial accuracy, auditability and regulatory transparency. The SAP platform
21 supports Chesapeake's broader business transformation initiative to standardize
22 business processes and utilize modern technology to continuously provide efficient
23 and affordable service for its customers. Many of CUC's financial and operational
24 systems were implemented independently over time and were not designed as a
25 fully integrated technology platform. This lack of integration results in a

1 dependency on manual processes to record operating results in CUC's operational
2 and financial systems. This in turn leads to manual processes, duplicative data
3 entry and complex reconciliations to consolidate data, perform analysis for
4 improved business decisions and ensure compliance with FCG's regulatory
5 requirements. The use of manual processes and lack of integration in the current
6 system architecture also serves to increase operational risk, constrain scalability
7 for growth, and increase the cost to ensure regulatory compliance.

8 Investing in the ERP platform now allows CUC and FCG to proactively manage
9 growth, improve efficiency, and mitigate higher cost increases that would be
10 expected with the legacy information technology platform. This approach is
11 consistent with Florida Public Service Commission standards that encourage
12 timely, prudent investments that support reliable service, regulatory transparency,
13 and the long-term interests of customers.

14 **Q. Are there other reasons why Chesapeake is investing in the ERP program**
15 **now?**

16 A. Yes. Another important consideration is the growing resource requirement to
17 support aging and highly customized legacy systems, and the increasing difficulty
18 of attracting and retaining employees with the specialized skill sets needed to
19 maintain those older systems. Many of the Company's legacy financial and
20 operational systems require manual interventions, system specific expertise, and
21 specialized knowledge that is not broadly available in the workforce. As those
22 systems age, the effort to maintain, integrate, and secure the technology requires
23 reliance on a limited number of experienced personnel or external resources. This
24 creates operational risk and increases long-term support costs, particularly as
25 regulatory, cybersecurity, and reporting requirements continue to expand.

1 At the same time, the labor market for utility finance, accounting, and technology
2 professionals increasingly favors modern, widely used enterprise platforms.
3 Implementing a modern ERP platform allows CUC and FCG to access a broader
4 and more sustainable talent pool, reduce reliance on aging legacy skill sets, and
5 improve succession planning and knowledge transfer across the organization. A
6 standardized ERP platform also enables employees to work more efficiently by
7 reducing manual workarounds and allowing staff to focus on higher value
8 analytical and oversight activities rather than system maintenance on aging
9 applications.

10 From a timing perspective, addressing these resource and talent challenges now
11 allows the Company to stabilize its operating environment and avoid escalating
12 support costs in the future. Deferring modernization would increase dependence
13 on scarce resources, increase operational risk, and ultimately place additional cost
14 pressure on customers. Investing in a modern ERP platform supports a more
15 efficient workforce model, strengthens internal controls, and positions the
16 Company to operate sustainably as an integrated utility organization.

17 **Q. At a high level, how does the ERP program benefit operations at FCG?**

18 A. The ERP program establishes a consistent technology platform and set of operating
19 practices that can be leveraged by Chesapeake's businesses. Operations at FCG
20 will benefit from process standardization and integration, improved data quality
21 and visibility, increased operating efficiency, stronger internal controls and
22 enhanced governance and scalability to support cost effective operations and a high
23 level of customer service. Ultimately, the SAP system will allow FCG to operate
24 more efficiently over time and support reliable service at a reasonable cost to

1 customers as demand for natural gas service increases and regulatory requirements
2 continue to evolve.

3 **Q. How does process standardization and integration improve operations?**

4 A. The ERP program standardizes operational and financial processes such as general
5 ledger accounting, capital project accounting, asset management, and procurement
6 by utilizing a single, integrated system. For example, capital costs associated with
7 construction projects are captured consistently across departments, reducing
8 manual handoffs between engineering, operations, and accounting and improving
9 coordination from project initiation through placement in service. Additionally,
10 purchase orders, receipts, and invoices flow are processes within a single system,
11 reducing delays and mismatches between operational activity and financial records.

12 **Q. How does the ERP program improve data quality and visibility for
13 operations?**

14 A. Chesapeake's current systems are not integrated, resulting in inconsistency of data
15 between systems, duplication of processes to capture transactions between systems
16 and manual reconciliations to ensure completeness. The ERP enables data to be
17 captured at the point where work occurs, rather than be reconstructed through
18 manual processes that allow systems to talk to one another. For example, asset
19 details and in-service dates are recorded directly in the system when work is
20 completed, improving accuracy for depreciation, rate base development, and
21 regulatory reporting. Additionally, operating and capital costs are recorded in real
22 time, providing management with timely visibility into project spending and
23 operating performance without the use of manual processes that are performed
24 after a defined accounting close is completed.

25 **Q. How does the ERP program improve operational efficiency?**

1 A. By automating routine transactions and embedding system-based workflows into
2 operating processes, the ERP platform reduces reliance on spreadsheets, manual
3 reconciliations, and duplicative data entry. For example, automated journal entries,
4 reconciliations, and standardized close processes reduce the time and effort
5 required to complete monthly and annual closes. Also, routine transactions such
6 as invoice processing and internal cost allocations require fewer manual
7 interventions, allowing for increased focus on value added analysis rather than
8 rework.

9 **Q. How does the ERP program strengthen controls and governance?**

10 A. The ERP embeds standardized approval workflows, audit trails, and segregation of
11 duties controls directly into daily operational processes. For example, system-
12 based approval hierarchies ensure that purchases, journal entries, and project
13 expenditures are reviewed and approved consistently. This also automates audit
14 trails, reduces the need for manual documentation and supports efficient responses
15 to audits and regulatory requirements.

16 **Q. How does the ERP program support long term growth and workforce
17 sustainability?**

18 A. The ERP program provides a scalable, modern platform that supports growth while
19 reducing reliance on aging systems and specialized legacy expertise. For example,
20 a modern, widely used ERP platform allows CUC and FCG to recruit and retain
21 employees with readily available skills, reducing dependence on outdated legacy
22 system knowledge. As FCG grows to meet customer demand and regulatory
23 requirements, the ERP platform can accommodate added volume without
24 introducing additional system complexity or support risk.

25

1 **IV. ERP Selection Process & Governance**

2 **Q. Please describe the process Chesapeake used to select its ERP solution and**
3 **implementation approach.**

4 A. Chesapeake followed a structured, multi-phase selection process to identify an
5 ERP software solution and implementation partners that would meet the
6 Company's operational, regulatory, and financial requirements while minimizing
7 execution risk and meeting the standards of prudence and reasonableness expected
8 in a regulated environment.

9 **Q. What steps did Chesapeake take before issuing a formal request for proposal**
10 **for an ERP?**

11 A. Prior to issuing a formal request for proposal ("RFP"), Chesapeake conducted a
12 Phase 0 ERP assessment to evaluate its existing systems, business processes, and
13 future operational requirements. As part of its ERP selection and business
14 transformation process, Chesapeake engaged PricewaterhouseCoopers LLP
15 ("PwC") to provide independent advisory support related to enterprise process
16 design, technology architecture considerations, and implementation risk. PwC's
17 role was to assist CUC in validating its transformation objectives, assessing
18 alignment between business requirements and ERP capabilities, and informing
19 decision making around system design and deployment approaches. This
20 engagement provided Chesapeake with an additional, objective perspective to help
21 ensure that the ERP program was appropriately structured, scalable, and aligned
22 with the operational and regulatory needs of CUC's regulated distribution
23 businesses including FCG.

24 The Phase 0 assessment also allowed Chesapeake to define clear functional
25 requirements, implementation objectives, and governance expectations, which

1 informed the scope and evaluation criteria used in the subsequent RFP processes
2 issued in connection with the ERP program.

3 **Q. How was the ERP RFP process conducted?**

4 A. Chesapeake issued a formal, competitive RFP for ERP system implementation
5 services, inviting multiple nationally recognized firms with deep experience in
6 SAP ERP implementations in the energy and utilities sector to submit proposals.
7 The RFP required respondents to demonstrate their ability to support Chesapeake's
8 operations, integrate with previously implemented 1CX application, and deliver a
9 scalable solution with strong controls and governance.

10 **Q. What factors were considered in evaluating ERP implementation partners?**

11 A. Chesapeake evaluated potential implementation partners based on several key
12 factors, including:

- 13 • Utility specific ERP experience, particularly with SAP S/4HANA in regulated
14 environments;
- 15 • Demonstrated delivery success, including prior implementations completed on
16 time and within budget;
- 17 • Ability to leverage standardized solutions to reduce customization and
18 implementation risk;
- 19 • Organizational change management and training capabilities to support user
20 adoption; and
- 21 • Continuity and familiarity with Chesapeake's systems and operations,
22 including experience supporting transformation initiatives.

23 This evaluation framework was designed to consider execution certainty, control,
24 and long-term value, rather than selecting a solution based solely on the cost of
25 implementation.

1 **Q. How did Chesapeake ensure governance and oversight during the ERP**
2 **selection process?**

3 A. Governance and oversight were integral components of the ERP selection process.
4 Chesapeake established executive sponsorship and cross functional involvement,
5 including representation from executives from operations, information technology,
6 human resources, finance, and strategic development, to ensure that the selected
7 solution met enterprise-wide needs.

8 The selection process and recommended approach were reviewed through
9 established governance forums, including executive leadership and Board level
10 oversight, to ensure alignment with the Chesapeake's strategic objectives, risk
11 tolerance, and capital investment priorities.

12 **Q. Why is the selected ERP solution and implementation approach prudent for**
13 **FCG?**

14 A. SAP as the ERP solution and the implementation approach are prudent for FCG
15 because they leverage a proven, industry standard software platform, emphasize
16 process standardization over customization, and are supported by an experienced
17 implementation partner (IBM) with a demonstrated track record in utility ERP
18 transformations.

19 By following a disciplined selection process and prioritizing risk management,
20 governance, and long-term sustainability, Chesapeake reduced execution risk and
21 positioned FCG to realize the operational, financial, and regulatory benefits of an
22 ERP software platform while protecting customers from avoidable costs associated
23 with system failures, manual rework, or future replacement of aging applications.

24 **Q. What costs have been included in the filing for ERP?**

1 A. The Company has included, in the projected test year, FCG's allocated portion of
2 the full rate base of \$23,584,551 and annual expense recovery on the ERP system
3 of \$2,635,078. This is further discussed in the testimony of Company witness
4 Joanah Baugh.

5

6 **V. Business Transformation**

7 **Q. The Company recently implemented a new SAP customer account and field**
8 **service management system, known internally as 1CX. How does**
9 **Chesapeake's ERP program relate to the 1CX transformation described by**
10 **Witness Estrada?**

11 A. The ERP program is the next phase of the same business transformation journey
12 that produced the customer-facing benefits of 1CX. As Witness Estrada explains,
13 1CX replaced FCG's legacy billing platform with a modern customer information
14 system that improves billing accuracy, timeliness, efficiency, and the overall
15 customer experience. Combining the ERP program with the 1CX system,
16 modernizes and integrates the FCG's core financial and operational systems into a
17 single, integrated platform, replacing fragmented legacy tools and reducing
18 reliance on manual processes and complex reconciliations.
19 Together, 1CX and ERP reflect a consistent strategy of investing in people,
20 processes, and technology to strengthen service capability, improve data integrity
21 and governance, and support efficient and affordable service in the future.

22 **Q. Is the Company using similar implementation processes for the ERP platform**
23 **that were applied to the 1CX implementation?**

1 A. Yes. As described above, the Company is applying similar procedures with the
2 ERP implementation that it did with the 1CX implementation including proactive
3 vendor and functionality evaluations, process redesign considerations and detailed
4 pre and post-implementation data clean-up and conversion processes to ensure
5 information is properly transitioned to the new application. In the 1CX
6 implementation, the Company took additional steps to ensure data was transferred
7 appropriately and the system was functioning as designed to ensure customer
8 billings were complete and accurate. As is industry common practice with billing
9 system replacements, the Company temporarily suspended service disconnections
10 and collections procedures to stabilize the new system and ensure the validation of
11 accurate data migration in support of customer account conversions into 1CX.

12 **Q. What was the stabilization period during which the service disconnects and**
13 **collections procedures were suspended?**

14 A. Service disconnects and collections were temporarily paused at the time of the
15 system implementation (April 2025) through the subsequent stabilization period
16 (August 2025). The Company's disconnect and collections procedures were
17 reinstated once stabilization was complete.

18 **Q. What was the impact of the temporary pause in disconnect and collections**
19 **procedures?**

20 A. The Company experienced an increase in overdue accounts receivable balances for
21 residential and small commercial and industrial accounts.

22 **Q. How much did the aged accounts receivable balance increase as a result of the**
23 **implementation?**

1 A. During the period from March 2025 to August 2025 the accounts receivables
2 overdue more than 90 days increased by \$807,089, compared to historical period
3 prior to the 1CX implementation.

4 **Q. Did the pause in collections create permanent credit issues?**

5 A. No. The increase in aged receivables was temporary and directly tied to the pause
6 in collection procedures. Upon resuming normal collection and disconnect
7 processes, customer payments improved and aged receivable balances stabilized.
8 Importantly, the balances have not continued to grow, demonstrating that the
9 increase in non-payments was implementation driven rather than a structural credit
10 issue.

11 **Q. How does the Company know this increase in aged accounts receivables for
12 residential and small C&I customers was temporary in nature?**

13 A. The Company closely monitored accounts receivable aging before, during, and
14 after system stabilization. Once normal collection and customer disconnect
15 procedures were reinstated, aging trends flattened and began to normalize,
16 confirming that the elevated balances were the result of the temporary suspension
17 of collection processes related to the implementation rather than weakened credit
18 performance or ineffective collection practices.

19 **Q. Do the uncollected receivables related to the 1CX system implementation
20 increase the Company's proposed bad debt recovery expense in this filing?**

21 A. No. The uncollected receivables are directly related to the 1CX system post-
22 implementation stabilization and data migration clean-up when service disconnect
23 and collections procedures were temporarily suspended. The identified
24 uncollectable receivables amount has been separately recorded. Subsequent to

1 completion of on-going collections efforts, any remaining balances will be
2 capitalized as a 1CX implementation cost consistent with Docket No. 20220128-
3 PU, Order No. PSC-2022-0429-PAA-PU.

4

5 **VI. Adjustments for Projected Costs Over Inflation and Customer Growth**

6 **Q. Please explain the adjustment on Schedule G2 page 19g for the redeployment**
7 **of post ERP implementation.**

8 A. The ERP adjustment on Schedule G2-19g totaling \$632,930 represents additional
9 payroll expenses for project staff that will be redeployed to other roles after the
10 implementation of the ERP. Several employees are working on the ERP during the
11 historic base year, and portions of their salaries have been capitalized.

12 **Q. Can you explain why these costs are necessary in 2027 when the resources**
13 **weren't available in 2025 and 2026.**

14 A. During the ERP implementation, certain employees will be dedicating significant
15 time to the implementation which meets the accounting criteria for capitalization.
16 To the extent needed, employees will be working overtime and temporary
17 employees will be being utilized to support normal operating needs of the business.
18 Following the ERP implementation and stabilization, those employees are
19 expected to return to perform essential operational, financial, and technology
20 support functions necessary to operate and sustain the business.

21 The conclusion of capitalizable implementation activities does not eliminate the
22 need for the underlying roles. Rather, it represents a transition from system-build
23 responsibilities to steady-state operational support of a more complex and
24 integrated enterprise environment.

1 **Q. Why are these resources still required after the ERP system is implemented?**

2 **A.** The ERP system fundamentally changes how core business processes are executed,
3 integrated, and controlled. Operating a modern ERP platform requires dedicated
4 expertise in system configuration, process governance, data management, security,
5 and continuous improvement, which differs materially from the skills required to
6 maintain legacy systems.

7 Post-implementation, these employees support activities such as:

- 8 • Managing and monitoring integrated financial, asset, and procurement
9 processes;
- 10 • Maintaining system configurations and controls as business requirements
11 evolve;
- 12 • Supporting regulatory reporting, audits, and compliance using ERP-based
13 data; and
- 14 • Ensuring system stability, security, and performance across the enterprise.

15 The experience gained by these employees through the ERP implementation will
16 be necessary to operate the software under the new operating model.

17

18 **Q. Why is it reasonable for these costs to reappear in the Company's operating**
19 **expenses?**

20 **A.** It is reasonable for these costs to reappear in operating expenses because the
21 employees involved are performing essential day-to-day operational functions,
22 rather than implementation activities. The capitalization of labor during the
23 implementation phase was appropriate only for the period in which those
24 employees were directly engaged in system development, configuration, and
25 testing.

1 Once the ERP system is placed in service, the roles are necessary to support
2 ongoing operations and must therefore be reflected in the Company's normal cost
3 structure. Excluding these costs would understate the resources required to operate
4 the system reliably and would not reflect the actual cost of providing utility service
5 in an ERP-based operating environment.

6 **Q. Please explain how the software expenses for the new ERP system were**
7 **determined.**

8 A. Software expenses for the new ERP system include ongoing software licensing and
9 application management costs that will be necessary to operate the ERP platform
10 after the implementation is complete. FCG estimates the total of these ongoing
11 software expenses is \$1,819,408. With the implementation of the new ERP system,
12 FCG will be discontinuing the use of some legacy systems that will partially offset
13 the new costs. FCG estimates the elimination of the legacy systems will lower costs
14 by (\$123,128).

15 **Q. Why are the costs for the legacy systems lower than the ERP?**

16 A. While certain legacy systems historically exhibited a lower cost structure, they no
17 longer represent a sustainable or prudent operating model for Chesapeake or FCG.
18 The incremental cost associated with the ERP system reflects the transition from
19 aging, fragmented set of software applications to a modern, secure, and fully
20 supported enterprise system that can meet the Company's current and future
21 operational and regulatory requirements.

22 Many legacy systems were implemented years ago, often for narrow functional
23 purposes, and were not designed to operate as an integrated platform. As a result,
24 the application costs do not fully capture the indirect costs associated with manual

1 workarounds, system limitations, elevated support risk, and increasing reliance on
2 specialized resources. Over time, these conditions increase operational risk and
3 operating costs.

4 **Q. Why is it not appropriate to compare the ERP system directly to the historical**
5 **cost of legacy systems?**

6 **A.** A direct cost comparison between ERP and legacy systems is not appropriate
7 because the systems do not provide equivalent capabilities or risk profiles. Legacy
8 systems typically deliver limited functionality and relied heavily on manual
9 processes and compensating controls to bridge gaps between systems. By contrast,
10 the ERP platform provides integrated functionality, embedded controls, and
11 automation that reduces operational risk and improves efficiency.

12 In addition, many legacy systems benefited from capital investments that had
13 already been depreciated or from vendor support models that are no longer
14 available. The ERP program reflects the current cost of operating a compliant,
15 secure, and auditable software platform that can support FCG, rather than the
16 historical cost of maintaining systems that were not designed to meet today's
17 regulatory, cybersecurity, and operational standards.

18 **Q. How does the investment in the ERP help mitigate long-term costs, despite**
19 **higher near-term expense?**

20 **A.** The ERP investment is intended to avoid higher long-term costs that would arise
21 from continued reliance on aging systems. As legacy software applications
22 continue to age, FCG face increasing costs related to specialized staffing to operate
23 the system, ensure proper security and ensure the appropriate level of internal
24 controls to appropriately manage risk.

1 By investing now in a standardized, industry-supported ERP platform, Chesapeake
2 is stabilizing its operating environment and reducing the likelihood of future, more
3 costly corrective actions. Over time, the ERP system enables FCG to manage
4 growth, comply with regulatory requirements, and maintain reliable service
5 without a proportional increase in administrative or support costs, which helps
6 mitigate future cost increases to customers through the efficiency provided by the
7 technology and process improvements associated implemented with the ERP.

8

9 **VII. Conclusion**

10 **Q. In summary, why is the ERP investment reasonable and appropriate for**
11 **inclusion in this rate case?**

12 A. In summary, the ERP program provides FCG with a modern, integrated technology
13 platform that supports efficient operations, strong internal controls, scalable
14 growth and regulatory compliance. The program themes of process
15 standardization, improved data quality, operational efficiency, stronger
16 governance, and workforce sustainability reduces FCG's reliance on aging systems,
17 minimizes manual effort, and improves visibility into operating costs and
18 performance. Investing in the ERP, combined with the technology improvements
19 described in Witness Bhatwadekar's testimony, position FCG to support reliable
20 service as the business grows and protect customers from higher costs that could
21 result from continued dependence on aging legacy systems. For these reasons, the
22 investment in the ERP program is reasonable and appropriate.

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

24 A. Yes, it does.

Florida City Gas
Witness Michael Galtman's Sponsored and Co-Sponsored MFRs

| SCHEDULE | TITLE | WITNESS |
|-----------------|--|--|
| C-8 | Uncollectible Accounts | M. Galtman |
| G1-1 | Projected Test Year Rate Base | G. Navo, B. Gilliam, J. Baugh, M. Galtman |
| G1-4 | Rate Base Adjustments - Projected Test Year | J. Baugh, M. Galtman |
| G1-18 | Projected Test Year - Allocation Of Common Plant | B. Gilliam, M. Galtman |
| G1-22 | Projected Test Year - Alloc. of Deprec./Amort. - Common Plant | B. Gilliam, M. Galtman |
| G2-15 | Projected Test Year - Calculation of Customer Account Expenses | J. Baugh, G. Navo, K. Estrada, M. Galtman |
| G2-17 | Projected Test Year - Calculation of Admin. and General Expenses | J. Baugh, G. Navo, M. Galtman, A. Bhatwadekar, W. Haffecke, N. Russell, M. Everngam |
| G2-19g-h | Projected Test Year - Over and Under Adjustments - Projected Years | A. Bhatwadekar, B. Gilliam, G. Navo, J. Husted, K. Estrada, M. Everngam, M. Galtman, N. Russell, W. Haffecke |

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony and Exhibit of Michael Galtman have been furnished by Electronic Mail to the following parties of record this 20th day of April, 2026:

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