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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.**

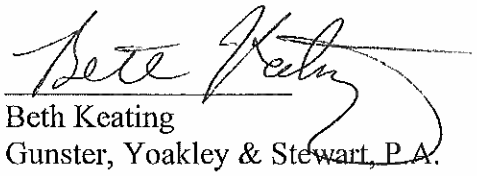
Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida City Gas, please find the Direct Testimony of William Haffecke, as well as his Exhibit WH-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 9 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 William Haffecke

Date of Filing: April 20, 2026

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I. Introduction

Q. Please state your name, occupation and business address.

A. My name is William Haffecke, and I am the Assistant Vice President of Florida Operations for Chesapeake Utilities Corporation, which is the parent company of Florida City Gas. My business address is 208 Wildlight Ave, Yulee, FL 32097.

Q. Please describe your educational background and relevant professional experience.

A. I have over 30 years of experience in the electric and natural gas utility industry. My roles have included: Director – Operations, Director – Power Generation, Manager – Electric T&D, Director – Power Quality as well as many other technical positions. Twenty-six years of my career was spent with City Utilities of Springfield, MO and AMEREN-UE in St Louis, MO. I have a B.S degree in Business Administration, a B.S. degree in Human Resources Management and an A.A.S. degree in Power Technology.

Q. Have you previously filed testimony before the Florida Public Service Commission ("Commission")?

A. Yes, I have provided written pre-filed testimony in the Florida Public Utilities Company ("FPUC") electric rate case, Docket No. 20240099-EI. FPUC is also a subsidiary of Chesapeake Utilities Corporation.

Q. How will you refer to the Company?

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

II. Statement of Qualifications

Q. Please describe your current responsibilities.

A. In my current role as the Assistant Vice President of Florida Operations, I lead teams that focus on safely operating and maintaining Chesapeake's natural gas systems across the state, including FCG, FPUC and its intrastate pipeline, Peninsula Pipeline Company, Inc. ("PPC"). Additionally, I have responsibility for leading the FPUC electric operations team. The overall Florida Operations team has approximately 235 employees that serve approximately 250,000 customers. For purposes of my testimony in this proceeding, I have responsibility for the financial and operational results of FCG.

III. Purpose of Testimony

Q. What is the purpose of your testimony?

A. My testimony will provide the following: a) general overview of my roles and responsibility over the FCG operations; b) a description of the integration of the system into CUC since the acquisition; c) an explanation of the Company's request to move the SAFE facilities into rate base for recovery in base rates; d) an outline of CUC's initiatives to improve service delivery and safety for FCG; e) a description of FCG's major historical and projected plant additions and expansion projects; and f) an explanation of notable adjustments to rate base and net operating income related to operations.

Q. Are you sponsoring any of the Company's Minimum Filing Requirement (MFR) schedules?

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

Q. Would you please provide an overview of FCG's system?

A. Florida City Gas operates a natural gas distribution system supported by three regional Operations Centers located in Doral, Port St. Lucie, and Rockledge. Collectively, these centers serve approximately 125,000 customers across FCG's service territory and are responsible for the day-to-day operation, maintenance, and safe delivery of natural gas within their assigned regions. While each Operations Center maintains local accountability and regional familiarity, all operate within a coordinated structure integrated with FPUC and CUC.

The Doral Operations Center manages FCG's largest service area, operating and maintaining approximately 1,900 miles of distribution mains and more than 65,000 service lines serving customers in Miami-Dade and Broward Counties. Core activities at this center include emergency response, leak detection and repair, system construction and maintenance, meter services, corrosion control support, and coordination with local governments, contractors, and damage-prevention stakeholders.

The Port St. Lucie Operations Center operates and maintains approximately 550 miles of distribution mains and more than 17,000 service lines across Indian River, St. Lucie, and Martin Counties. This center supports a growing customer base and plays a significant role in capital improvement projects, system expansion, and modernization initiatives, including the initial deployment of Advanced Metering Infrastructure

("AMI"). Field crews also perform routine maintenance, regulator inspections, meter installation and replacement, and regulatory compliance activities.

The Rockledge Operations Center operates and maintains approximately 1,500 miles of distribution mains and more than 52,000 service lines serving customers throughout Brevard County. Responsibilities include distribution system integrity, leak survey and repair programs, corrosion control support, emergency response, and storm preparedness and restoration activities critical to maintaining system reliability in a storm-prone region.

IV. Integration & Continuing Consolidation

Q. Since FCG was acquired at the end of 2023, what steps has Chesapeake undertaken to integrate FCG into its operations?

A. Since the acquisition of FCG at the end of 2023, Chesapeake Utilities Corporation (CUC) has undertaken a comprehensive set of actions to integrate FCG into its operations, strengthen operational consistency, and enhance overall performance across its natural gas distribution utilities.

First, Chesapeake consolidated Operations and Maintenance (O&M) manuals across the enterprise to ensure that field activities, safety practices, and regulatory compliance requirements are executed consistently across all natural gas distribution companies. Engineering Standards are currently undergoing the same consolidation process, which will further align system design, construction, and maintenance practices across FCG and Florida Public Utilities Company (FPUC).

Chesapeake also implemented organizational changes to promote consistent leadership and operating discipline. A single Regional Manager now has responsibility for certain Operations Centers serving both the FCG and FPUC territories. This shared leadership structure enhances decision-making consistency, facilitates the sharing of best practices and lessons learned, and allows operational expertise to be leveraged across utilities.

Workforce development and training were key priorities following the acquisition. While FCG previously maintained a robust training program, it did not have a dedicated physical training facility. Chesapeake addressed this by constructing a state-of-the-art training facility in DeBary, Florida. This centralized facility serves employees from both the FCG and FPUC service territories and is also used to train first responders from surrounding communities. The facility supports hands-on technical training, safety simulations, emergency response coordination, and ongoing operator qualification activities, significantly enhancing workforce readiness and system safety. Additionally, the Company is partnering with the Rockledge Fire Department for access to update Rockledge safety training facilities. See Witness Everngam's testimony for more information on this facility.

Chesapeake further strengthened operational integration by expanding the use of common enterprise information systems for work management, asset tracking, and regulatory documentation. Increased coordination among operations, integrity management, corrosion control, GIS, and engineering teams has improved data quality, reduced process variability, and enabled FCG to leverage subject-matter expertise developed across FPUC and the broader Chesapeake enterprise.

Labor integration was another important focus during the acquisition period. At the time of the transaction, FCG field employees were in the process of unionizing. Chesapeake successfully negotiated a labor agreement that aligned FCG job titles, classifications, wage structures, and work responsibilities with those of existing FPUC union employees. This alignment supports consistent expectations, facilitates cross-training opportunities, and enhances operational flexibility while maintaining labor stability.

Collectively, these initiatives reflect Chesapeake's commitment to integrating FCG into a unified enterprise operating model. FCG's Operations Centers are fully integrated with FPUC and CUC through shared policies, procedures, and centralized governance. Training programs, safety standards, operating procedures, integrity management frameworks, and compliance protocols are standardized at the Chesapeake level and implemented consistently across both service territories. Field operations coordinate closely with centralized corporate resources, including engineering, integrity management, corrosion control, GIS, information technology, regulatory compliance, and emergency response functions.

This integrated operating model provides enterprise-level oversight, consistency, and access to specialized expertise while preserving local execution and rapid response capabilities. By aligning field operations with centralized governance and support, Chesapeake has strengthened safety, regulatory compliance, operational efficiency, and long-term system reliability across both FCG and FPUC.

Collectively, these initiatives reflect Chesapeake's ongoing commitment to improving FCG's operations by integrating it into a unified enterprise operating model. The

consolidation of manuals and standards, shared leadership structure, centralized training resources, aligned labor agreements, and expanded use of shared systems and expertise enhance safety, regulatory compliance, operational efficiency, and long-term system reliability across both FCG and FPUC.

Q. Has Chesapeake's integration of FCG brought any changes to your gas supply resources?

A. Yes. Prior to the acquisition, FCG had a shortage of gas supply, which posed a reliability risk to existing customers and limited FCG's ability to meet customer growth needs within its service territory. Since the acquisition, FCG has completed multiple projects, and planned several others, to more effectively deliver gas throughout this Company's service areas within its existing upstream capacity quantities. These projects provide for both future growth and increased reliability, especially in south Florida. Chesapeake has been able to leverage its experience and enterprise-wide focus on natural gas to meet FCG's supply challenges. For further details regarding changes to FCG's gas supply portfolio, see the direct testimony of Company witness Daniel Noia.

V. <u>Damage Prevention</u>

Q. Has FCG been able to further enhance the operations of its natural gas system by implementing any of FPUC's damage prevention and safety initiatives?

A. Yes. Chesapeake has integrated FCG into its Damage Prevention Department and now utilizes Damage Prevention Technicians across all three territories to provide training for Company locators and third-party excavators, including targeted safe dig practice

interventions. In addition to the training opportunities offered at Chesapeake's "Safety Town," which is a dedicated training facility located at the Central Florida (Debary) site, the Company is advancing its safety program through a partnership with the Rockledge Fire Department. In addition, the Company is deploying new technologies designed to protect employees and the communities FCG serves.

For example, Chesapeake has introduced two Advanced Mobile Leak Detection (AMLD) vehicles across its service territories to enhance its ability to identify and respond to potential system issues. FCG has deployed advanced enterprise platforms, including Cority, and is beginning the implementation of KorTerra at the end of June 2026, to strengthen asset protection, elevate safety performance, and reduce operational risk. Once implemented, KorTerra will enable disciplined management of ticket processing, subsurface damage prevention, and third-party excavation risk through data-driven insights and automated workflows. Cority provides an integrated enterprise solution for safety management, incident reporting, regulatory compliance, and risk analytics, leveraging artificial intelligence and machine learning to enhance decision-making.

In addition, Chesapeake has plans to further strengthen its Distribution Integrity Management Program (DIMP) by utilizing JANA's industry leading risk modeling and asset management tools across the enterprise. JANA's platform enhances Chesapeake's ability to analyze system specific threats, prioritize risk-based capital deployment, and implement predictive maintenance strategies. Through improved data integration, advanced probabilistic modeling, and scenario analysis, Chesapeake will be better equipped to identify emerging threats, validate mitigation effectiveness,

and ensure regulatory alignment. This integration of JANA into the DIMP framework further enhances pipeline safety, system reliability, and long-term asset stewardship. FCG is also adding a position titled Supervisor – Pipeline Integrity to strengthen compliance, safety management, and risk mitigation efforts. As I discuss in greater detail later in my testimony, this position will provide focused oversight of transmission and distribution pipeline integrity activities, including implementation of integrity management programs, coordination of inspections and assessments, and monitoring compliance with federal and state pipeline safety requirements.

Q. What does the Company's Damage Prevention program address?

A. Across its platform, Chesapeake maintains damage prevention programs in all natural gas distribution areas, as reflected in its Operations and Maintenance ("O&M") Manuals. Among other damage prevention policies and best practices, the damage prevention programs in the Company's O&M Manuals adhere to industry damage prevention standards and programs, including, federal Department of Transportation Rule 49 C.F.R. §192.614, as well as state programs, like Florida's Sunshine 811 "Call Before You Dig" program. While the requirements of these types of programs vary from state to state, they generally require a utility to mark the location of its facilities within a required timeframe following notification of projects involving excavation near utility facilities.

Q. Are these types of programs the only damage prevention mechanisms the Company utilizes?

A. No. These "Call Before You Dig" laws are important and create a framework enabling utilities to develop a more comprehensive damage prevention program. Generally

speaking, these programs serve as the baseline for the Company's damage prevention efforts. Because the specifics of the state programs vary from state to state, utilization of these programs as the only measure would result in inconsistent damage prevention standards among Chesapeake's various distribution areas. As such, reliance on the state programs alone would prevent the Company from appropriately leveraging its corporate resources and incorporating industry best practices.

Q. What more do Chesapeake and FCG do to promote damage prevention?

A. Chesapeake has established a Damage Prevention Plan that applies to all its natural gas distribution companies to drive consistency and optimize results around third-party damage prevention. The Damage Prevention Plan consists of collecting and analyzing data from across Chesapeake's operating units. This includes detailed information such as locate ticket volumes, on-time locate completion rates, mismarked or unlocatable facilities, excavation damages by cause, type, and excavator, near-miss events, depth-of-cover findings, contractor compliance trends, and damage cost recovery data. This data is the foundation for establishing and measuring key performance indicators ("KPIs"). These KPIs include damage-per-1,000-locates, on-time locate performance, percentage of damages attributable to excavator error versus Company error, repeat excavator incidents, ratio of near-misses to actual damages, and time-to-respond to locate requests or damage notifications. This data-driven approach allows for structured problem-solving, establishment of strategic priorities, and efficient implementation of safety initiatives relating to damage prevention. It also serves as the basis for post-incident reviews, targeted public

awareness efforts, and focused outreach campaigns aimed at reducing future excavation-related risks.

Q. What are the costs associated with this Damage Prevention Plan?

A. Chesapeake already has a corporate-wide Damage Prevention Manager, as well as a Damage Prevention Coordinator in Florida. In addition, FCG is purchasing Ticket Management and Damage Prevention Software to manage the Damage Prevention process more efficiently. The estimated cost is included in Schedule G2 page 19g.

Q. What are the responsibilities of the Damage Prevention Coordinators?

A. The Damage Prevention Coordinators' primary responsibilities include: (1) serving as the liaison between third-party excavators, the affected public, emergency responders, and Chesapeake's distribution companies; (2) promoting damage prevention for the Company's underground facilities from excavation activities through ongoing training and communication with 811 excavators, internal and externally-contracted facility-locating technicians, and other team members; (3) providing statewide team member training, guidance and support to ensure company-wide consistency of locate responses, and third-party damage documentation, and (4) providing damage investigation assistance as needed.

Q. What are the customer benefits of this enhanced Damage Prevention Program?

A. Third-party damages represent the most significant risk to the Company's natural gas facilities. A robust Damage Prevention Program is therefore critical to protecting the integrity and reliability of the distribution system and, most importantly, to ensuring the safety of the Company's customers, employees, and contractors. Reducing excavation-related incidents remains a top operational and safety priority.

Based on industry experience, FCG's historical performance trends, and the enhanced capabilities introduced through the implementation of KorTerra, a reduction in damages of approximately 15 percent is a reasonable and achievable expectation. KorTerra's data-driven workflows, improved ticket management, and enhanced third-party oversight directly address the primary contributors to excavation damage risk.

In 2025, FCG experienced 359 third-party damages. A 15 percent reduction equates to an estimated 54 fewer damages annually. Using an average direct cost of $2,200 per damage, this reduction represents an estimated annual cost avoidance of approximately $118,800, excluding additional indirect benefits such as reduced service interruptions, improved system reliability, lower regulatory exposure, and enhanced public and employee safety.

Beyond direct financial savings, the anticipated reduction in damages supports improved operational performance, strengthens regulatory compliance, and advances Chesapeake Utilities' commitment to proactive, risk-based asset protection and safety management.

VI. SAFE Program

Q. Please provide a brief background of the Company's SAFE program.

A. By Order No. PSC-2015-0390-TRF-GU, issued September 15, 2015, the Commission approved FCG's petition for its Safety, Access, and Facility Enhancement ("SAFE") Program. In that order, the Commission noted that, in future rate cases, FCG would fold its then-current SAFE surcharge into any newly approved base rates to reflect

SAFE plant additions in rate base, and the SAFE surcharge would be reset to zero. The SAFE program balances have been rolled into base rates twice since then – as a result of the Settlement approved by Order No. PSC-2018-0190-FOF-GU, issued April 20, 2018, in Docket No. 20170179-GU, and again by Order No. 2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU. With this filing, the Company is again proposing to roll the balances for SAFE into base rates -- as of December 31, 2026. This adjustment will be further explained by Company witness Joanah Baugh.

Q. Do any of Chesapeake's other subsidiaries in Florida have programs similar to FCG's SAFE program?

A. Yes. FPUC has a Gas Utility Access and Replacement Directive program ("GUARD"). The two programs share many similarities in purpose and overall design. Both the GUARD Program at FPUC and the SAFE Program at FCG are focused on proactively improving system safety and reliability through targeted replacement or remediation of higher risk infrastructure. Each program is structured to identify and address assets that present elevated integrity risks, such as obsolete materials, exposed or shallow facilities, and other system components that warrant accelerated attention. As a result, both programs support improved compliance with state and federal pipeline safety regulations and contribute to overall system resiliency.

In recent years, FCG expanded the scope of its SAFE Program, with Commission approval, to include a broader range of project types that are consistent with those addressed under the GUARD Program. See Order No. PSC-2024-0438-PAA-GU, issued October 2, 2024. This expansion brought the SAFE Program into closer

alignment with GUARD, particularly with respect to replacing span pipe, remediating shallow or exposed facilities, and upgrading obsolete infrastructure. As a result, today the programs share many common elements and serve comparable safety objectives across the two utilities.

However, differences still exist based on the unique characteristics of each utility's system. The GUARD Program was originally developed for FPUC's system and reflects its distinct asset mix, geographic operating areas, and system-specific risk profile. By contrast, the SAFE Program was initially narrower in scope and tailored to FCG's system needs before being broadened. While the programs are now aligned in structure and purpose, the specific project prioritization may vary between the two utilities, reflecting differences in pipe vintage, system design, operating pressures, and localized risk factors.

Overall, while the GUARD and SAFE Programs share a common objective of proactively mitigating system risk and enhancing safety, each program currently maintains implementation details and prioritization approaches tailored to the specific operational characteristics and risk profiles of the systems they serve. As these programs continue to mature and system data and performance metrics are further evaluated, the Company anticipates submitting a future filing to seek approval to consolidate the GUARD and SAFE Programs into a unified risk-mitigation framework. Such consolidation would be designed to enhance administrative efficiency, promote consistency in program execution, and further align investment prioritization across Chesapeake's natural gas systems, while maintaining the safety and reliability objectives of each program.

VII. Leak Detection

Q. Are there other safety-related initiatives that will apply to FCG now that it's a part of CUC?

A. Yes. FCG is now a part of Chesapeake's Leak Detection Program.

Q. Please describe current leak detection efforts.

A. Leak detection methods currently utilized across the Chesapeake platform meet all federal and state regulations and include, but are not limited to, ground-based leak surveys, public awareness, and system pressure monitoring. Ground-based leak detection typically involves a Company employee or contractor walking the length of a pipeline while using handheld tools to detect the presence of methane. Ground-based leak surveys are completed at intervals consistent with the applicable Company O&M Manual and Company procedures, but are typically 1-year, 3-year, or 5-year intervals for any given pipe based on pertinent risk factors. In recent years, Chesapeake has started moving its distribution companies towards a 3-year cycle for consistency. Some parts of the system, such as business districts, are surveyed on an annual basis, consistent with the Pipeline and Hazardous Materials Administration's ("PHMSA") Rule 49 C.F.R. § 192.723(b)(1)("Leak Survey rule").

As a result of this schedule, the Company only conducts leak surveys on a portion of its pipeline system in any given year. During these surveys, leak detection equipment informs the employee of the presence of a leak but does not quantify the leak in terms of flow rate or volume. As such, additional investigative work must be performed to determine the full extent of the leak, which is necessary to determine the next appropriate steps.

Q. What are the proposed enhancements to the Leak Detection Program?

To supplement traditional leak detection efforts, two Advanced Mobile Leak Detection (AMLD) vehicles are being utilized. These vehicles enable the Company to perform leak surveys much more efficiently and accurately. The Company plans to add two additional AMLD vehicles to its fleet in the near future.

Q. What are the advantages to using AMLD vehicles?

A. There are several benefits I have outlined below.

- **High Sensitivity & Accuracy**
  - Equipped with advanced sensors that detect methane and ethane at parts-per-billion resolution, far more precise than handheld detectors.
  - Capable of identifying even the smallest leaks before they escalate into safety hazards.
- **Speed & Efficiency**
  - Vehicle-mounted systems can survey large areas quickly, covering miles of pipeline in a fraction of the time compared to foot patrols.
  - Real-time data collection reduces the time between detection and repair.
- **Data-Driven Insights**
  - Integration with GIS mapping and atmospheric modeling provides detailed leak location, severity, and plume analysis.
  - Utilities can prioritize repairs based on leak size and risk, optimizing maintenance budgets.

- **Environmental Benefits**
  - Faster detection means lower methane emissions, helping utilities meet regulatory compliance and climate goals.
  - Supports "super-emitter" surveys to catch large leaks that contribute disproportionately to greenhouse gas emissions.
- **Safety Enhancements**
  - Early detection prevents catastrophic incidents like explosions or fires.
  - Crews can respond proactively, reducing risks to communities and infrastructure.
- **Operational Flexibility**
  - Mounted on standard utility vehicles with minimal modifications.
  - It can operate in diverse conditions, including urban areas, rural pipelines, and complex terrains.

Q. What are the costs associated with this program?

A. The cost of the leak detection device including the vehicle is $675,000 per unit. These costs are included in 2026 plant additions in Schedule G1-23. The annual software and maintenance fees are $141,201 which are included in Schedule G2 page 19g.

Q. Are these AMLD vehicles commonly used in the natural gas industry?

A. Utilities across the natural gas industry are increasingly incorporating Advanced Mobile Leak Detection (AMLD) vehicles into their standard pipeline leak survey and methane reduction programs. AMLD technology is widely used by gas distribution operators to enhance the accuracy, efficiency, and coverage of leak detection activities through the deployment of vehicle-mounted methane sensors and data analytics.

Vehicle-based AMLD programs are commonly utilized to support regulatory compliance surveys, emissions monitoring, and distribution integrity management across large service territories. These programs enable utilities to rapidly identify potential leak indications and prioritize follow-up investigations based on relative risk, improving the efficiency of field resources and leak remediation efforts.

Compared to traditional leak survey methods, AMLD technology provides higher detection sensitivity and broader system visibility. This enhanced capability supports improved public and employee safety, reduction of methane emissions, and a more proactive, risk-based approach to pipeline maintenance and asset management.

FCG selected ABB for its Advanced Mobile Leak Detection program based on technical performance, reliability, integration capability, and alignment with FCG's safety and operational requirements.

Q. In addition to enhanced safety capabilities, is it possible that using AMLD vehicles will produce O&M savings as compared to traditional leak surveys?

A. Yes, some potential cost savings include:

Leak Reduction**:** AMLD uses advanced methane sensors and analytics to detect even small leaks quickly. By preventing gas loss, the Company can save money on wasted product, which would reduce costs flowing through the Purchased Gas Adjustment ("PGA") clause.

Lower Maintenance Costs: Early detection means fewer emergency repairs and more planned maintenance, which is cheaper, safer, and less disruptive to the distribution system and FCG's customers.

Regulatory Compliance: Methane emissions from natural gas distribution systems are subject to increasing scrutiny under both federal requirements and the State of Florida's regulatory framework. Florida has adopted the federal pipeline safety standards contained in 49 C.F.R. Parts 191, 192, and 199, which govern leak detection, leak surveys, and repair requirements for gas distribution systems. As PHMSA strengthens these standards to require the use of advanced leak detection technologies, including vehicle-based systems, Florida operators are directly subject to these enhanced requirements.

Deploying AMLD vehicles strengthens FCG's ability to comply with these Florida-applicable regulations by improving the speed, quality, and accuracy of methane leak identification. More precise and frequent detection reduces the likelihood of undetected emissions and supports FCG's compliance with leak survey, classification, and repair requirements under the Commission's gas safety rules. In addition, AMLD technology reduces the risk of potential violations or penalties associated with methane emissions and enhances overall system safety by allowing FCG to identify and address leaks proactively.

By integrating AMLD into its damage prevention and safety activities, FCG advances its environmental responsibilities, improves operational safety, and ensures continued compliance with state and federal methane reduction expectations.

Extended Asset Life: By identifying weak points in pipelines before they fail, utilization of AMLD vehicles can help the Company reduce costly replacements and prolong infrastructure lifespan.

VIII. Capital Projects

Q. Can you describe the type of plant additions in FCG's historic and projected years?

A. In the historic test year, FCG completed construction of a new facility in Port St. Lucie that will house the Port St. Lucie Operations Center along with the 24-Hour Emergency Response Team. This building will help facilitate the current and future growth the Company is experiencing in the area. Prior to constructing this facility, FCG was leasing a building to serve as the Operations Center in Port St. Lucie. The lease payment for the previous facility has been removed from the projection.

In the projected test year, FCG has included Phase 1 of an Advanced Metering Infrastructure ("AMI") project in 2026. Phase 1 of the project will include the installation of smart meters and/or Encoder Receiver Transmitter ("ERT") devices, along with the required communication equipment needed to establish the AMI network within the Port St. Lucie and Rockledge service territories. ERT devices are wireless modules that encode meter readings and transmit usage data using low power radio frequency, enabling remote meter reading as part of AMR/AMI systems. Subsequent phases will expand AMI deployment to additional FCG service territories, specifically Brevard County and Miami Dade County, following completion of the Port St. Lucie and Rockledge buildout.

In addition, FCG has multiple pipeline projects planned that will continue to improve the reliability and resiliency of FCG's natural gas system.

A. AMI

Q. Did FCG's last rate case include an AMI pilot program?

A. Yes. In the AMI pilot, it was initially expected that the existing communications network owned by FCG's parent at the time, Florida Power & Light ("FPL"), would be used to collect and transmit data from FCG's natural gas meters, consistent with how that network supports FPL's electric AMI program. FCG installed the meters contemplated for the pilot; however, unlike FPL, FCG did not own or operate a communications network. The pilot project, as approved in the prior rate case was reliant on the use of FPL's network, could not proceed as originally envisioned subsequent to CUC's acquisition of FCG.

Importantly, while FCG was unable to utilize the communications network contemplated in the pilot approval, the pilot did allow FCG to validate the performance of the selected AMI meters themselves. Based on installation, field testing, and operational evaluation, the meters performed as expected and met functional and performance requirements. Accordingly, the pilot was successful in confirming meter readiness and suitability, notwithstanding the inability to fully implement data collection over the anticipated communications network. It should be noted that CUC has for several years successfully operated electronic metering systems on its Delmarva natural gas and Central Florida natural gas systems.

Under Chesapeake ownership, FCG is now moving forward with AMI deployment using a different communications technology than that contemplated in the prior rate case, allowing the Company to build on the successful meter performance demonstrated during the pilot while addressing prior network limitations.

Q. Has the Company included AMI meters and the technology to communicate with them in the forecasted rate base and operating expenses?

A. Yes, FCG plans to continue to install AMI meters and ERTs and will begin installing its AMI communications system in the third quarter of 2026. 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. Future phases will expand deployment of this same AMI technology into the Brevard and Miami-Dade service territories. At full deployment, ultrasonic smart meters will be installed at all service locations capable of supporting them. 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.

Integrated Safety Features of Ultrasonic Smart Meters include:

- An integrated shutoff valve capable of autonomous or remote actions to stop gas flow when conditions warrant.
- High-flow alarms that detect open fuel lines or abnormal consumption spikes.

- High-temperature detection to identify potential fires at or near the meter.
- Air-detection alerts that signal potential meter removal, tampering, or hazardous conditions.

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 personnel and the public.

FCG is proceeding with the deployment of AMI communications and data collection technology. The Company has completed a vendor evaluation process and selected an AMI technology platform. FCG is continuing to refine project cost estimates and implementation details associated with the AMI deployment.

The AMI deployment is expected to enhance system safety, improve operational efficiency, and support customer service capabilities. The Company's actions reflect its determination that AMI represents an appropriate technology investment consistent with utility industry practices and FCG's operational objectives.

Peer natural gas utilities serving customer bases comparable in size to FCG—generally ranging from approximately 50,000 to 200,000 customers—have already deployed AMI systems or are in advanced stages of implementation. These similarly sized utilities have adopted AMI to address many of the same operational challenges faced by FCG, including geographically diverse service territories, the need to optimize limited field resources, and increasing expectations for billing accuracy and customer engagement. Experiences from these utilities demonstrate that AMI can be effectively

implemented at FCG's scale, while still delivering measurable operational and safety benefits.

Many of these peer utilities have pursued phased deployment strategies comparable to FCG's approach, initially integrating communication modules on newer meters and transitioning to full smart-meter installations over time as equipment reaches the end of its useful life. These utilities have reported reductions in truck rolls, improved leak and usage anomaly detection, and enhanced ability to prioritize capital and maintenance activities using AMI data. Collectively, these peer experiences confirm that natural gas AMI is a mature, proven technology suitable for utilities of FCG's size and operational profile. 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.

Q. What is driving the need for an AMI system and what are the benefits?

A. At its core, AMI provides timely, accurate, and actionable data, which I describe in greater detail below—something traditional manual meter reading simply cannot deliver. Utilities need AMI to improve billing accuracy, reduce operational costs, and eliminate estimated reads. It also strengthens safety by enabling faster detection of leaks, pressure issues, and abnormal consumption patterns. From a system-wide perspective, AMI gives operators better visibility into load trends, helping them plan capacity and respond to issues before they escalate. Customers benefit directly as well, gaining access to more frequent usage information that supports energy awareness and cost management.

AMI has become essential for utilities in today's data driven environment. A natural gas AMI system brings a wide range of operational and customer benefits by transforming how usage data is collected and managed. It provides nearly real-time meter readings, which improves billing accuracy and reduces the need for manual field visits. FCG will gain better visibility into system performance, allowing it to detect leaks, outages, and abnormal consumption patterns more quickly.

Customers also benefit from more timely information about their usage, which can help customers manage energy costs and identify issues early. AMI also supports more efficient workforce deployment, enhances safety through faster incident response, and lays the groundwork for advanced analytics that strengthens long term system planning and reliability.

Q. Will the meters from the pilot study that FPL has already installed be able to be used when FCG installs its new communication system?

A. Yes. The 5,000 AMI meters purchased for the pilot prior to the acquisition have been installed and will be utilized in the Company's new AMI system.

Q. Has FCG included its allocated share of the Chesapeake corporate AMI Itron communications and software system costs for recovery in this rate case?

A. No. Chesapeake is in the process of finalizing the estimate of the regulated, corporate Itron communications and software system costs associated with the AMI program. These costs will be allocated to the regulated distribution companies based on meter counts, and FCG's allocable share is expected to be approximately 34 percent. The Company has not included FCG's allocated share of these corporate Itron communications and software system costs for recovery in this proceeding and will

seek recovery in a future rate case or other appropriate regulatory proceeding. Only the costs associated with FCG's meters and meter installations included as part of the AMI program are reflected for recovery in this case.

B. LNG Facility

Q. Is the LNG project complete and in use?

A. FCG completed construction and commissioning of its LNG storage facility in Homestead, Florida. It was placed into service in April 2023. This plant enhances the reliability of FCG's distribution system by allowing the Company to back feed a sizable portion of its South Florida operations in the event of a service interruption to the single source gas supply coming into the area. This facility has been used for peak shaving when needed due to gas supply constraints during high demand. Several of the Capital Projects identified in this filing are increasing the effective use of the LNG facility to support service demand and reliability.

IX. Headcount Additions

Q. Are there any headcount additions related to Operations?

A. Yes. The test year headcount additions are included in the payroll category in Schedule G2-12 to G2-19. Only the allocated cost to FCG is included in the schedule.

Q. Please summarize the headcount additions.

A. To support broader operational, compliance, measurement, and damage prevention requirements, and also to implement, operate, and sustain the AMI network—a total

of **15 new positions** are required across field operations, network/system oversight, compliance, and damage prevention.

- Two (2) incremental positions for Field Collections & Customer Support
  - Two (2) Field Laborers – Collection Support to improve receivables management and customer account field support by:
    - Conducting disconnections and reconnections
    - Verifying meter and service status
    - Supporting customer communication and field resolution efforts
- Four (4) incremental positions for Damage Prevention and Asset Protection
  - One (1) Supervisor – Pipeline Integrity to strengthen the Company's overall compliance, safety management, and risk mitigation programs. This position will provide dedicated oversight of pipeline integrity activities across the organization, including implementation of integrity management processes, coordination of inspection and assessment programs, and enhanced monitoring of compliance obligations under federal and state pipeline safety regulations.
    - **Strengthen Pipeline Safety Oversight**
      - Provides dedicated leadership for pipeline integrity activities, including inspection programs, threat identification, data integration, and compliance monitoring.
    - **Integrate FCG and FPU Pipeline Integrity Programs**
      - Aligns policies, procedures, engineering standards, and integrity-management practices between FCG and FPU.

- Ensures consistent application of best practices across both Florida utilities.
- Eliminates duplicative processes and improves standardization.

- **Enhance System-Wide Safety and Risk Mitigation**
  - Promotes a unified approach to identifying system risks and prioritizing mitigation activities.
  - Improves the ability to detect system-wide trends, coordinate planning, and deploy resources where most needed.
  - Strengthens compliance with state and federal pipeline safety regulations.
- **Support Operational Efficiency**
  - Creates consistency in leak surveys, inspection practices, records management, and integrity assessments.
  - Enhances coordination between field operations, engineering, compliance, and reliability teams.
- **Improve Reliability and Resiliency of the Natural Gas System**
  - Supports proactive hazard identification and maintenance planning.
  - Helps ensure sustained service continuity during system disruptions or emergency events.
- **Meet Expanding Regulatory Compliance Requirements**

- Ensure FCG and FPU maintain modern, proactive integrity programs aligned with updated federal and state regulations.
- Strengthens the Company's readiness for emerging requirements related to pipeline integrity and methane-reduction initiatives.

- Three (3) Line Locators required due to expanding service territories and rapidly increasing locate volumes:
  - Performing accurate and timely line locating in accordance with state 811 rules
  - Reducing excavation damage risk
  - Supporting infrastructure mapping accuracy and field verification
  - Improving response times and compliance with mandated locate windows.

- Five (5) positions for AMI Deployment & Network Operations.
  - Three (3) Meter Technicians will replace the current three (3) Meter Readers. These positions will support field deployment and long-term AMI reliability by:
    - Installing smart meters and ERT devices
    - Troubleshooting meter and communication issues
    - Conducting maintenance and field upgrades
    - Ensuring ongoing system performance

- Two (2) AMI Analysts incremental positions that will provide system-level visibility and analytical support by:
  - Monitoring AMI network performance and communication health
  - Managing alerts, exceptions, and data-quality controls
  - Ensuring accurate, timely meter data flow into CIS and operational systems

- Two (2) incremental positions for SCADA & Real-Time System Oversight
  - One (1) SCADA Technician to enhance reliability of real-time operational monitoring by:
    - Maintaining SCADA hardware and field communication infrastructure
    - Supporting alarm configuration, system uptime, and cybersecurity controls
    - Assisting with onboarding of new SCADA-enabled assets
  - One (1) SCADA Analyst to reinforce real-time data analysis and operational decision support by:
    - Monitoring SCADA trends, alarms, and system events
    - Performing root-cause analysis of communication or sensor issues
    - Supporting configuration management, reporting, and compliance records
    - Acting as a bridge between Operations, Engineering, and Field Support

- Serve as Administrator for FloCal software, including the integration into FPU and DNG.

- One (1) incremental position for Measurement Program Support
  - One (1) Measurement Technician required due to expanding infrastructure and measurement workloads. Responsibilities include:
    - Calibration, testing, and maintenance of measurement equipment
    - Ensuring data integrity for billing, audit, and regulatory reporting
    - Troubleshooting measurement discrepancies
    - Supporting new measurement assets created through capital projects.
- One (1) incremental position for Compliance & Regulatory Assurance
  - One (1) Compliance Engineer that will strengthen organizational compliance posture as the system expands by:
    - Managing regulatory requirements related to AMI, metering, SCADA, and pipeline safety.
    - Supporting PHMSA, state utility commission, and internal audit requests
    - Ensuring documentation, reporting, and standards compliance across departments
    - Leading internal compliance reviews, corrective actions, and program enhancements

X. Non-payroll Adjustments for Projected Costs Over Inflation and Customer Growth

Q. Please explain the adjustment to operating expenses for AMI annual costs on Schedule G2 page 19g.

A. As discussed earlier in my testimony, FCG is implementing an AMI program. FCG estimates the ongoing subscription and maintenance fees for the program to be $284,739.

Q. Please explain the adjustment to operating expenses for Blackline Lone Worker service renewals on Schedule G2 page 19g.

A. The Blackline Lone Worker safety solution was initially deployed within FPUC as a targeted operational initiative to enhance employee safety, strengthen compliance with industry safety standards, and improve real-time visibility into field activities. Based on the program's demonstrated effectiveness, operational reliability, and positive safety performance outcomes during its implementation period at FPUC, Chesapeake determined that broader deployment would promote consistent safety practices across its Florida natural gas operations.

Accordingly, Chesapeake expanded the Blackline Lone Worker solution to FCG to ensure uniform application of safety technologies, standardized monitoring capabilities, and consistent protection protocols for all field personnel. This system wide rollout supports Chesapeake's commitment to employee safety, operational integrity, and adherence to applicable regulatory expectations for the safe operation of natural gas distribution systems.

The expenses included in this rate case represent FCG's allocated share of Blackline equipment, licensing, monitoring services, and ongoing support costs. These costs are recurring and necessary to maintain a safe working environment for field employees, support timely emergency response capabilities, and meet regulatory expectations for the safe operation of natural gas distribution systems. Accordingly, the Blackline program expenses are reasonable, prudent, and essential to the continued safe provision of natural gas service to FCG customers.

Q. Please explain the adjustment to operating expenses for KorTerra ticket management system implementation expenses on Schedule G2 page 19g

A. As discussed earlier in my testimony, FCG seeks to enhance the Damage Prevention Program. FCG estimates the total annual cost of the program to be $45,870.

Q. Please explain the adjustment to operating expenses for annual software and maintenance of leak detection vehicles on Schedule G2 page 19g.

A. As discussed earlier in my testimony, FCG seeks to enhance the Leak Detection Program. FCG estimates the total annual amortization of the software license cost and preventive maintenance of leak detection vehicles is $141,201.

Q. Does this conclude your direct testimony?

A. Yes. In closing, I will emphasize that Chesapeake is a natural gas utility dedicated to improving reliability, advancing safety, ensuring sufficient system capacity, and

supporting employee development—priorities that are receiving renewed focus for FCG since the acquisition.

Florida City Gas
Witness Williams Haffecke's Sponsored and Co-Sponsored MFRs

SCHEDULE	TITLE	WITNESS
G2-14	Projected Test Year - Calculation of Maintenance Expenses	J. Baugh, G. Navo, W. Haffacke
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 Exhibits of William Haffecke have been furnished by Electronic Mail to the following parties of record this 20th day of April, 2026:

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