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August 13, 2026

VIA E-PORTAL

Mr. Adam Teitzman
Commission 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 filing, please find the Rebuttal Testimony of Daniel Noia for Florida City Gas.

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

Sincerely,

Beth Keating

Beth Keating
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Tallahassee, FL 32301

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Prepared Rebuttal Testimony of Dan Noia

Date of Filing: August 13, 2026

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I. Introduction

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

A. My name is Dan Noia, and my business address is 208 Wildlight Avenue, Yulee, Florida 32097. I am employed by Chesapeake Utilities Corporation as the Director of Energy Logistics.

Q. Have you previously filed direct testimony in this docket?

A. Yes, I filed direct testimony on behalf of Florida City Gas which I refer to herein jointly as either "the Company" or "FCG."

Q. Has your employment status and job responsibilities remained the same since discussed in your previous testimony?

A. Yes.

Q. Are you providing any exhibits with your rebuttal testimony?

A. No.

II. Purpose and Summary of Testimony

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to the Off-System Sales ("OSS") net revenue adjustment proposed by Office of Public Counsel ("OPC") witness Helmuth W. Schultz, III in his direct testimony filed July 20, 2026 (Schultz Direct, Section VII.A). Because Off-System Sales are a function of the Company's gas supply and interstate pipeline capacity position, which fall within my area of responsibility as Director of Energy Logistics, I am the appropriate Company witness to address the reasonableness of the projected OSS revenue for the 2027 test year.

III. **Summary of Rebuttal Position**

Q. Please summarize your rebuttal position.

A. The Company forecasts zero OSS revenues for future test years, consistent with the treatment approved in FCG's 2022 gas rate case (Docket 20220069-GU) and FPUC's 2022 gas rate case (Docket 20220067-GU). OSS revenues are inherently uncertain and cannot be forecasted with a reasonable degree of accuracy, as they are driven by market conditions, system demand, available excess capacity, and short-term commercial opportunities that are episodic and non-recurring in nature. Furthermore, potential changes to the Company's transportation program and regulatory frameworks may impact the availability of future OSS opportunities.

Additionally, OSS revenues were not originally intended to serve as a component of the Company's base revenue requirement. As noted in FCG's tariff: "Fifty percent (50%) of all net revenues shall be retained by the Company. The remaining fifty percent (50%) of such net revenues (and all Transaction Charges) shall be used to reduce the Company's cost of gas recovered through the Purchased Gas Cost Recovery Adjustment Clause." Rather, the OSS sharing mechanism was established to allow both customers and the Company to benefit from the optimization of otherwise unused system capacity, with customers receiving a direct benefit through credits applied to the PGA and the Company incentivized to maximize otherwise uncertain sales for the mutual benefit of the Company and the customer. Incorporating uncertain and unpredictable OSS revenues into the revenue requirement effectively shifts the majority of the associated benefits to customers while diminishing the Company's incentive to pursue and maximize future capacity optimization opportunities. Accordingly, the Company asserts that a zero-dollar OSS forecast remains the most reasonable and supportable approach for prospective ratemaking purposes.

IV. Off-System Sales and the Nature of OSS Revenue

Q. What are Off-System Sales?

A. Off-System Sales are sales of natural gas or the release of interstate and intrastate pipeline capacity made by the Company when it has capacity or supply that is not required to serve its firm sales and transportation customers on a given day. When the Company holds firm transportation capacity that is temporarily not needed to meet the demands of its own system — for example, on a mild weather day — the Company may sell that gas or release that capacity into the secondary market and generate net revenue. Under the terms of the Company's tariff, 50 percent of OSS net revenues are credited to customers, which reduces the cost of gas and 50 percent are retained by the Company.

Q. Why are Off-System Sales inherently volatile?

A. Off-System Sales depend on the coincidence of several conditions, none of which the Company controls.

OSS Depend on the Availability of Surplus Capacity.

The Company can only make Off-System Sales when it has firm capacity or gas supply that is not required to serve its own firm customers. As I explained in my direct testimony, FCG does not hold sufficient primary firm capacity to serve its entire customer base during peak design day conditions, and it must rely on the secondary capacity market to meet demand during peak periods. Thus, as new customers are added and demand on the system increases, it is likely that the periods during which Off-System Sales are even viable will decrease.

<u>OSS Depend on Weather and System Demand.</u>

The frequency of OSS opportunities is greatest during mild or normal weather periods when the Company's firm customer demand is low. However, market participants' requirements may be low during these periods, limiting OSS opportunities. Because weather varies year to year, OSS net revenue varies and cannot be reliably projected from a single prior year or a short historical period.

<u>OSS Depend on Market and Upstream Conditions.</u>

As I explained in my direct testimony, the market south of FGT's Compressor Station 21 — where the majority of FCG's demand is located — is frequently constrained, meaning secondary capacity into the geography is often constrained or prorated. These constraints are a risk every day of the summer and during peak winter conditions. The same constraints that limit the Company's ability to procure secondary capacity may also limit the Company's ability to make Off-System Sales, because the surplus capacity or supply that would be sold is subject to the same market and pipeline limitations. OSS are sporadic, opportunistic transactions that are highly dependent on market conditions, which are volatile and not transparent. Additionally, OSS are normally negotiated sales agreements which are short-term, or spot market type transactions that are nonrecurring in nature, which makes them harder to forecast.

V. <u>Response to Mr. Schultz's Off-System Sales Adjustment</u>

Q. Please describe Mr. Schultz's Off-System Sales adjustment.

A. In Section VII.A of his direct testimony, Mr. Schultz recommends increasing Other Revenue by approximately $1.6 million for Off-System Sales net revenue for the 2027 test year.

Q. Do you agree with Mr. Schultz's adjustment?

A. The Company disagrees with the proposed adjustment to increase Other Revenue by approximately $1.6 million for Off-System Sales ("OSS") net revenue. Consistent with prior FCG and FPUC natural gas rate proceedings, the Company forecasted zero OSS revenue for the 2027 test year because such revenues are inherently uncertain and cannot be predicted with a reasonable degree of accuracy. OSS revenues reflect non-recurring, market-driven opportunities that are dependent on factors including system load, available excess capacity, and prevailing market conditions. As such, historical OSS revenues do not provide a reliable basis for forecasting future results.

VI. <u>Conclusion</u>

Q. Please summarize your rebuttal position.

A. The proposed adjustment by OPC is not supported because Off-System Sales revenues are inherently uncertain, opportunistic, and dependent on factors outside the Company's control, including market conditions, system demand, and available excess capacity. While OSS revenues were realized in 2024 and 2025, historical results do not provide a reliable basis for forecasting future OSS activity. Consistent with prior Commission-approved treatment, a zero-dollar OSS forecast remains the most reasonable and supportable approach for the 2027 test year. Further, incorporating speculative OSS revenues into base rates reduces the Company's incentive to optimize excess capacity and is inconsistent with the purpose of the OSS sharing mechanism, which is designed to benefit both customers and shareholders when such opportunities arise.

Q. Does this conclude your rebuttal testimony?

A. Yes.

Docket No. 20260026-GU

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Rebuttal Testimony of Daniel Noia has been furnished by Electronic Mail and/or Electronic Data Room access to the following parties of record this 13th day of August, 2026:

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