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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

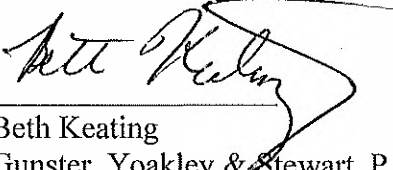
Re: Docket No. 20260026-GU – Application for Rate Increase by Florida City Gas.

Dear Mr. Teitzman:

Attached for filing, please find the Rebuttal Testimony of William Haffecke 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
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2
3 Docket No. 20260026-GU: Petition for rate increase by Florida City Gas

4 Prepared Rebuttal Testimony of William Haffecke

5 Date of Filing: August 13, 2026

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1 **I. Introduction**

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

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

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

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

9 **Q. Has your employment status and job responsibilities remained the same as**
10 **discussed in your previous testimony?**

11 A. Yes.

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

13 A. No.

14
15 **II. Purpose and Summary of Testimony**

16 **Q. What is the purpose of your rebuttal testimony?**

17 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Office
18 of Public Counsel (“OPC”) witness Helmuth W. Schultz, III, filed July 20, 2026,
19 regarding the Company’s Advanced Metering Infrastructure (“AMI”) program and his
20 recommendation that there is an overstatement of projected plant in service.
21 Specifically, my rebuttal testimony addresses Mr. Schultz’s recommendation (Schultz
22 Direct, Section VI.B; Exhibit HWS-2, Schedule B-2) to reduce the AMI plant
23 additions by \$18,141,069, accumulated depreciation by \$883,632, depreciation

1 expense by \$790,346, and O&M expense by \$284,740 and Mr. Schultz's alternative
2 recommendation (Schultz Direct, Section VI.B; Exhibit HWS-2, Schedule B-3) to
3 reduce projected plant in service by \$14,687,330, accumulated depreciation by
4 \$505,537 and depreciation expense by \$373,816.

5
6 **III. Summary of Rebuttal Position**

7 **Q. Please summarize your rebuttal position.**

8 A. Mr. Schultz's proposed AMI adjustments should be rejected. His characterization of
9 the 2022 AMI Pilot as a "failure" is inaccurate and misconstrues the operational status
10 of the pilot meters. The AMI deployment is a prudent, necessary investment supported
11 by vendor cost estimates, a structured vendor evaluation, industry-standard practice
12 among peer gas utilities, and identifiable customer and safety benefits.

13 The 2022 AMI Pilot Was Successful in Validating Meter Performance.

14 The 5,000 pilot meters were installed and validated. What did not proceed as originally
15 envisioned was reliance on FPL's communications network, which was unavailable to
16 FCG following the CUC acquisition. The pilot meters will be integrated into the AMI
17 system now being deployed.

18 The AMI Deployment Is Consistent With Peer Utility Practice.

19 AMI technology is widely deployed throughout the natural gas utility industry. Large
20 natural gas utilities, including CenterPoint Energy, SoCalGas, Peoples Natural Gas,
21 Spire, Consumers Energy, NIPSCO, and Baltimore Gas & Electric, have implemented
22 or are actively deploying AMI systems as part of broader modernization initiatives
23 designed to improve operational efficiency, safety, billing accuracy, and system

1 visibility. These utilities collectively serve millions of customers and have committed
2 substantial capital investment to AMI deployment programs. In addition, Itron, the
3 manufacturer of the Company's selected ultrasonic smart meter, reports that it has
4 shipped more than three million Intelis gas meters in North America. Collectively,
5 these deployments demonstrate that AMI is a mature, proven technology that has been
6 broadly adopted across the natural gas industry, and FCG's phased implementation
7 approach is consistent with established utility practice.

8 The Cost Estimates and Contingency Are Reasonable.

9 The AMI cost estimates are supported by a completed vendor evaluation and selection
10 process. Any contingency reflects appropriate project management practice for a
11 deployment of this size and complexity, and actual costs will be reflected in the
12 Company's Earnings Surveillance Reports.

13 Only FCG Meter Costs Are Included.

14 FCG has not included its allocated share of the Chesapeake corporate Itron
15 communications and software system costs in this proceeding; only the costs
16 associated with FCG's meters and meter installations are reflected for recovery in this
17 case, as reflected in the plant additions on MFR G1-24 and G1-27.

18
19 **IV. The 2022 AMI Pilot**

20 **Q. Please describe Mr. Schultz's characterization of the 2022 AMI Pilot.**

21 A. In Section VI.B of his direct testimony, Mr. Schultz characterizes the 2022 AMI Pilot
22 approved in Docket No. 20220069-GU as a "failure" and argues that the Company
23 should not proceed with AMI deployment on the basis of an unsuccessful pilot.

1 **Q. Is Mr. Schultz’s characterization accurate?**

2 **A. No. Mr. Schultz’s characterization is inaccurate and misconstrues both the purpose**
3 **and the outcome of the pilot.**

4 The Pilot Validated Meter Performance.

5 As I explained in my direct testimony, in the AMI pilot it was initially expected that
6 the existing communications network owned by FCG’s parent at the time, Florida
7 Power & Light (“FPL”), would be used to collect and transmit data from FCG’s natural
8 gas meters, consistent with how that network supports FPL’s electric AMI program.
9 FCG installed the meters contemplated for the pilot; however, unlike FPL, FCG did
10 not own or operate a communications network. While FCG was unable to utilize the
11 FPL communications network, the pilot did allow FCG to validate the performance of
12 the selected AMI meters themselves. Based on installation, field testing, and
13 operational evaluation, the meters performed as expected and met functional and
14 performance requirements. Contrary to Witness Schultz’s characterization, the pilot
15 was successful in confirming meter readiness and suitability, notwithstanding the
16 inability to fully implement data collection over the anticipated communications
17 network.

18 The Network Limitation Was Caused by the Change in Ownership, Not a Design Flaw.

19 The pilot project, as approved in the prior rate case, was reliant on the use of FPL’s
20 network and could not proceed as originally envisioned subsequent to CUC’s
21 acquisition of FCG. This was a consequence of the change in ownership — FPL
22 retained its communications network when it sold FCG — not a failure of the AMI
23 meters or the pilot design. Under CUC ownership, FCG is now moving forward with

1 AMI deployment using a different communications technology, allowing the
2 Company to build on the successful meter performance demonstrated during the pilot
3 while addressing the prior network limitation.

4 The 5,000 Pilot Meters Will Be Utilized.

5 As I explained in my direct testimony, the 5,000 AMI meters purchased for the pilot
6 prior to the acquisition have been installed and will be utilized in the Company's new
7 AMI system. Far from being a stranded investment, the pilot meters are being
8 integrated into the current deployment. CUC has, for several years, successfully
9 operated electronic metering systems on its Delmarva natural gas and Central Florida
10 natural gas systems, demonstrating the Company's operational capability to deliver
11 AMI.

12
13 **V. The AMI Deployment Is Prudent and Necessary**

14 **Q. Please describe the AMI deployment reflected in the Company's filing.**

15 A. As I explained in my direct testimony, FCG has included Phase 1 of the AMI project
16 in the projected test year, which includes the installation of smart meters and Encoder
17 Receiver Transmitter ("ERT") devices, along with the required communication
18 equipment needed to establish the AMI network within the Port St. Lucie and
19 Rockledge service territories. FCG will begin installing its AMI communications
20 system in the third quarter of 2026. To leverage existing Company-owned assets with
21 significant remaining depreciable life, FCG will install ERT devices on meters that are
22 7.5 years old or newer, and replace older meters with new smart meters.

1 **VI. Contingency, Cost-Benefit, and Installation Timing**

2 **Q. Mr. Schultz argues, at page 54 of his testimony, that the AMI cost estimate**
3 **includes an excessive contingency. What is your response?**

4 A. A contingency for a capital project involving the installation of smart meters and ERT
5 devices, a two-way communications network deployment, and integration with
6 enterprise systems across two distinct service territories (Port St. Lucie and
7 Rockledge) is appropriate and consistent with industry practice for AMI programs of
8 this size and complexity. As I noted in my direct testimony, the Company has
9 completed a vendor evaluation process, selected an AMI technology platform, and is
10 continuing to refine project cost estimates and implementation details. If the actual
11 project cost is below budget, the actual costs — not the contingency — will be
12 reflected in the Company's Earnings Surveillance Reports and future rate proceedings.

13 **Q. Mr. Schultz argues that the Company has not quantified the cost-benefit of the**
14 **AMI expansion. What is your response?**

15 A. As I explained in my direct testimony, the Company has articulated the multiple
16 identifiable benefits of AMI, including improved billing accuracy, elimination of
17 estimated reads, reduced truck rolls and field service costs, faster leak and pressure-
18 anomaly detection, enhanced situational awareness for safety, and better load-trend
19 visibility for capacity planning. Precise quantification of each cost-benefit component
20 in advance of full deployment is not standard industry practice; the benefits accrue
21 over the useful life of the AMI system and are best measured through post-deployment
22 reporting. The qualitative and operational benefits, combined with the integrated
23 safety features of the ultrasonic smart meters, more than justify the investment.

1 **Q. Why is the AMI deployment prudent and necessary?**

2 A. The AMI deployment is prudent and necessary for several reasons.

3 AMI Provides Timely, Accurate, and Actionable Data.

4 As I explained in my direct testimony, AMI provides timely, accurate, and actionable
5 data that traditional manual meter reading cannot deliver. It improves billing accuracy,
6 reduces operational costs, and eliminates estimated reads. It strengthens safety by
7 enabling faster detection of leaks, pressure issues, and abnormal consumption patterns.
8 From a systemwide perspective, AMI gives operators better visibility into load trends,
9 helping them plan capacity and respond to issues before they escalate.

10 Ultrasonic Smart Meters Provide Integrated Safety Features.

11 As I described in my direct testimony, the ultrasonic smart meters incorporate
12 advanced integrated safety features, including an integrated shutoff valve capable of
13 autonomous or remote actions to stop gas flow when conditions warrant, high-flow
14 alarms that detect open fuel lines or abnormal consumption spikes, high-temperature
15 detection to identify potential fires at or near the meter, and air-detection alerts that
16 signal potential meter removal, tampering, or hazardous conditions. These capabilities
17 allow the utility to rapidly identify leaks, fire events, tampering, or pressure
18 abnormalities, improving overall system safety and reducing risk to personnel and the
19 public.

20 The Deployment Is Consistent With Peer Utility Practice.

21 As I explained in my direct testimony, peer natural gas utilities serving customer bases
22 comparable in size to FCG — generally ranging from approximately 50,000 to
23 200,000 customers — have already deployed AMI systems or are in advanced stages

1 of implementation. Many of these peer utilities have pursued phased deployment
2 strategies comparable to FCG's approach, initially integrating communication
3 modules on newer meters and transitioning to full smart-meter installations over time.
4 These utilities have reported reductions in truck rolls, improved leak and usage
5 anomaly detection, and enhanced ability to prioritize capital and maintenance
6 activities using AMI data. FCG's planned AMI implementation aligns with these
7 established industry practices.

8 **Q. Mr. Schultz argues that only 50% of the meter costs will be installed during the**
9 **projected test year. What is your response?**

10 A. Mr. Schultz's argument mischaracterizes the ratemaking treatment. The projected
11 2027 test year rate base reflects a 13-month average of the projected in-service meter
12 balance, consistent with standard projected test year practice as explained by Company
13 witness Joannah Baugh. Meters and ERT devices placed in service during 2026 and
14 2027 are reflected in the average rate base according to their projected in-service dates.
15 This is the correct treatment for a phased deployment and does not warrant the
16 reduction Mr. Schultz proposes.

17
18 **VII. Enterprise-Wide Deployment Alternative**

19 **Q. Mr. Schultz suggests that if FCG is going to deploy AMI, it should do so**
20 **enterprise-wide across all Florida customers rather than in a targeted rollout.**
21 **What is your response?**

22 A. A phased deployment beginning in Port St. Lucie and Rockledge is standard AMI
23 implementation practice and is the proper approach. As I explained in my direct

1 testimony, subsequent phases will expand AMI deployment to additional FCG service
2 territories, specifically Brevard County and Miami-Dade County, following
3 completion of the Port St. Lucie and Rockledge buildout. Enterprise-wide
4 simultaneous deployment would carry substantially higher execution risk, require
5 greater contingency, and delay the customer and operational benefits of AMI while
6 the larger project is planned and executed.

7 The Company's phased, targeted approach reduces execution risk and allows it to build
8 on lessons learned from each phase. This approach is also consistent with Chesapeake
9 Utilities' broader AMI strategy in Florida. The Company is currently deploying AMI
10 within its Florida Public Utilities ("FPU") electric territory and plans to extend AMI
11 capabilities to its Delmarva Natural Gas ("DNG") operations in future phases. By
12 deploying AMI incrementally across its operating companies, the Company can
13 leverage implementation experience, standardize processes, and realize operational
14 efficiencies while minimizing execution risk and disruption to customers.

15
16 **Q. Has FCG included its allocated share of the corporate Itron communications and**
17 **software system costs in this case?**

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

1 proceeding and will seek recovery in a future rate case or other appropriate regulatory
2 proceeding. Only the costs associated with FCG's meters and meter installations
3 included as part of the AMI program are reflected for recovery in this case. This
4 demonstrates that the Company's AMI request in this proceeding is measured and
5 limited, not overstated.

6
7 **VIII. AMI Operating Expense**

8 **Q. Please describe Mr. Schultz's adjustment to AMI operating expense.**

9 A. Mr. Schultz proposes to reduce AMI-related O&M expense by \$284,740, which
10 corresponds to the ongoing subscription and maintenance fees for the AMI program
11 that I addressed in my direct testimony at Section X.

12 **Q. Do you agree with that adjustment?**

13 A. No. As I explained in my direct testimony, FCG estimates the ongoing subscription
14 and maintenance fees for the AMI program to be \$284,740. These are recurring,
15 necessary costs to operate and maintain the AMI network, communications system,
16 and associated data management once the system is placed in service. They are not
17 one-time or speculative costs. Denying recovery of these ongoing operating costs
18 would leave the Company unable to recover the actual cost of operating the AMI
19 system it is prudently deploying. To the extent the Commission accepts the AMI plant
20 additions — as it should for the reasons discussed above — the associated operating
21 expense of \$284,740 should likewise be approved.

22 **Q. Does the depreciation expense adjustment proposed by Mr. Schultz warrant**
23 **separate treatment?**

1 A. No. Mr. Schultz's proposed \$790,346 reduction to depreciation expense and \$883,632
2 reduction to accumulated depreciation are entirely derivative of his proposed reduction
3 to the AMI plant additions. To the extent the Commission approves the AMI plant
4 additions — as it should — the associated depreciation expense and accumulated
5 depreciation follow with the plant and should likewise be approved.

6

7 **IX. Overstatement of Projected Plant**

8 **Q. Do you agree with Witness Schultz's recommendation at pages 56-62 of his**
9 **testimony that the Company's projected plant additions are overstated?**

10 A. No. Mr. Schultz's adjustment fails to recognize the detailed project-specific
11 forecasting process employed by Florida City Gas and the substantial evidence
12 demonstrating that the projected investments are currently planned, approved, and
13 actively being implemented. The Company's projected plant additions are based on
14 specific identified projects, management-approved capital plans, and anticipated in-
15 service dates—not generalized budget assumptions.

16 **Q. What evidence demonstrates that the Company's projected plant forecast is**
17 **reasonable?**

18 A. Witness Gilliam's direct testimony explains that projected plant additions were
19 developed using a bottom-up, project-specific methodology. Project managers within
20 Construction Services provided forecasts based on planned construction activities and
21 anticipated in-service dates. These forecasts were then incorporated into management-
22 approved capital plans and evaluated against historical capital addition patterns for
23 reasonableness. This is not a simple extrapolation of historical spending trends; rather,

1 it is a forecast built from identified projects and reviewed through established
2 corporate planning processes.

3 **Q. Does the record provide evidence that major projected projects have advanced**
4 **beyond the conceptual stage?**

5 A. Yes. Contrary to Witness Schultz's assertions, FCG is moving forward with these
6 projects in a thoughtful, well-organized manner. We are not using FCG as a "guinea
7 pig" in a "half baked" experiment. (Schultz, page 53, line 19-page 54, line 1.) The
8 Company has presented information and documentation in this case that demonstrates
9 several major projects included in projected plant are already underway. For example,
10 FCG has selected its AMI technology platform, system integrator, and installation
11 contractor, plans to begin installation of the AMI communications system in the third
12 quarter of 2026, and has already installed and tested approximately 5,000 AMI meters
13 from the prior pilot program that will be incorporated into the new system. These
14 actions demonstrate that the project has advanced well beyond the conceptual stage.

15 .

16 **Q. Does your testimony support the need for these projected investments?**

17 A. Yes. Contrary to Witness Schultz's implication that the projected investments are
18 unnecessary or unsupported, my testimony identifies the operational, safety,
19 reliability, compliance, and modernization needs driving the forecast. The testimony
20 details the integration, safety, and system improvement initiatives underway at FCG
21 and the specific capital projects required to support them. These investments are
22 necessary to enable the Company to continue providing safe and reliable natural gas
23 service and to meet evolving operational and regulatory requirements.

1 **Q. Why is Mr. Schultz's approach unreasonable?**

2 A. Mr. Schultz's adjustment appears to rely primarily on a generalized skepticism of
3 projected capital spending rather than the specific facts supporting the Company's
4 forecast. A projected test year necessarily requires the Commission to evaluate future
5 investments. The appropriate question is whether those investments are reasonably
6 expected to occur based on the evidence presented. Here, the record demonstrates that
7 the projects have been identified, evaluated, approved through the Company's capital
8 planning process, and in many cases have already progressed into implementation.
9 Accordingly, there is no basis to conclude that the Company's projected plant additions
10 are overstated.

11
12 **X. Conclusion**

13 **Q. Please summarize your rebuttal position.**

14 A. Mr. Schultz's proposed AMI adjustments should be rejected. The 2022 AMI Pilot was
15 not a "failure" — the 5,000 pilot meters were installed, validated, and will be utilized
16 in the Company's new AMI system, and the only limitation was the loss of access to
17 FPL's communications network as a result of the change in ownership. The AMI
18 deployment is a prudent, necessary investment supported by a completed vendor
19 evaluation and selection process, industry-standard phased deployment practice
20 among peer gas utilities, and identifiable customer and safety benefits, including the
21 integrated safety features of the ultrasonic smart meters. The contingency is
22 reasonable, the 13-month average rate base treatment is correct, and the Company has
23 deliberately limited its request by excluding the corporate Itron communications and

1 software costs from this proceeding. The associated \$284,739 in annual operating
2 expense and the derivative depreciation adjustments should be approved along with
3 the plant. The Commission should approve the Company's AMI program as filed.

4 In addition, the Commission should reject Mr. Schultz's proposed reduction to
5 projected plant in service and accept the Company's forecast as filed. The record
6 demonstrates that the forecast is based upon specific projects, management-approved
7 capital plans, identified implementation schedules, and documented operational needs.
8 Therefore, the projected plant additions represent the best estimate of plant that will
9 be used and useful during the projected test year.

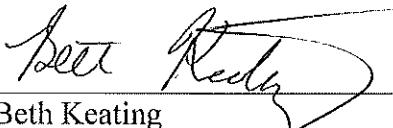
10 **Q. Does this conclude your rebuttal testimony?**

11 **A. Yes.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Rebuttal Testimony of William Haffecke 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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