DOCKET NO. 20260026-GU

Synopsis of Rate Request

I. Company Overview

FCG is a natural gas utility subject to regulation by the Florida Public Service Commission (Commission) pursuant to Chapter 366, Florida Statutes. FCG's local distribution operations have been active since 1949. FCG provides safe and reliable service to approximately 125,000 residential, commercial, and industrial customers in counties across the state, including Miami-Dade, Broward, Brevard, Palm Beach, Hendry, Martin, St. Lucie and Indian River counties.

FCG's last general rate case was filed on May 31, 2022, in Docket No. 20220069-GU. In its decision addressing FCG's request, Order No. PSC-2023-0177-FOF-GU[1], the Commission authorized the Company to implement new base rates and charges, effective May 1, 2023, and approved, among other things, a return on equity (ROE) range of 8.50% to 10.5%, as well as new depreciation parameters for the Company and a Reserve Surplus Amortization Mechanism (RSAM).

On November 30, 2023, FCG was acquired from FPL by Chesapeake Utilities Corporation (Chesapeake), which owns and operates other natural gas utilities in Florida, Maryland and Delaware, as well as unregulated propane, renewable, and energy delivery businesses. Chesapeake began as the Dover Gas Light Company, which was formed in 1859. Chesapeake was later incorporated in the State of Delaware as "Chesapeake Utilities Corporation" in 1947.

We strive to conform to ADA guidelines to ensure accessibility for all users.
If you experience issues, please contact us at accessibility@chpk.com for assistance.

[1] Subsequent Order clarifying decision and denying Motion for Reconsideration, Order No. PSC-2023-0299-FOF-GU, issued October 2, 2023.

Since its acquisition by Chesapeake Utilities Corporation, FCG has taken proactive steps to manage costs through a variety of efficiency measures and efforts, including leveraging synergies among Chesapeake's natural gas operations in Florida. While the Company has kept its focus on its service, the very heart of everything the Company does is safety – both for its customers and its employees. This core value has driven improvements in the Company's distribution facilities. While these steps have improved operational efficiencies, allowing the Company to enhance the quality of its customer service, the Company has, nevertheless, seen a significant increase in operating expenses. This increase in expenses has made it challenging for the Company to continue to provide safe and reliable service to its customers at the high standard they have come to expect and meet its compliance requirements.

For the period from January 1, 2024 through December 31, 2025, FCG invested approximately $116 million and projects to invest an additional $64 million over the next two years (2026 through 2027) excluding Safety, Access, and Facility Enhancement (SAFE) investments, in infrastructure and other capital investments to support growth and reinforce the safety and reliability of its facilities. It has also grown by several thousand customers and facilitated significant distribution pipeline projects to provide service to new customers and also to begin enabling practical solutions for capacity constraints in the southern portions of its service area. Throughout this period of growth and change, FCG has maintained its focus on its customers, which has driven its desire to implement new technology that will further enhance its customer service and customer communications.

II. Request for Rate Increase/Summary

On April 20, 2026, the Company filed a request for a rate increase with the Commission asking for a permanent increase in rates, as well as an interim increase in rates pending the Commission's decision in this case. The Commission is the agency, under Florida law[2], charged with setting and regulating the rates, fees, and services of Florida utilities and will review the Company's request. The docket number assigned by the Commission for this proceeding is Docket No. 20260026-GU.

[2] Chapter 366, Florida Statutes.

The Company is asking that the Commission allow the Company to increase its rates and charges to the extent necessary to generate additional gross annual revenues in the amount of $46.9 million, which will enable the Company to continue to provide safe, reliable natural gas service at a level the customers have come to expect. The Commission will utilize a "test year" for purposes of setting rates for FCG. The Company has used a projected test year of January 1, 2027 through December 31, 2027 for purposes of presenting its case, and believes this time period best represents actual conditions in effect at the time new rates will go into effect, as compared with other prior periods. Specifically, the Company seeks approval to (a) increase its rates and charges in an amount sufficient to generate a total base revenue increase of $64 million based on a projected 2027 Test Year, which includes (i) an incremental base rate revenue requirement of $46.9 million, and (ii) the reclassification of the SAFE program revenues in the amount of $16.4 million from surcharge recovery to base rates, which is ultimately revenue neutral;[3] (b) an 11.25% mid-point ROE and an equity ratio of 50.14% from investor sources for all regulatory purposes; (c) continuation of the storm cost recovery mechanism approved as part of FCG's 2018 Settlement Agreement and retained in the Commission's decision regarding FCG's 2022 rate petition; (d) retention of the unamortized portion of the acquisition adjustment approved by Order No. PSC-2007-0913-PAA-GU and allowed to be retained by Order No. PSC-2023-0177-FOF-GU; (e) the further implementation of advanced metering infrastructure (AMI); and (f) allocation of the Corporate transformation project, ERP, estimated at $121,067,483 in total, across the Corporation. The project is estimated to be in service on June 30, 2027, included for recovery in the 13-month average rate base amount of $12,757,600, but adjusted to the year-end amount of $23,584,551. Absent rate relief in 2027, FCG's earned ROE is projected to be negative 1.82% percent, which is well below the bottom end of FCG's current authorized ROE range.

III. Interim Request

Based upon the historic test year that ended December 31, 2025, the Company's annual revenue deficiency is $16,244,207 based upon an adjusted historic test year rate base of $551,813,687. The

[3] Order No. PSC-15-0390-TRF-GU, Docket No. 150116-GU.

required rate of return for interim purposes is shown on Minimum Filing Requirement (MFR) Schedule F-8. The interim operating income for the historic year ended December 31, 2025, is shown on MFR Schedule F-4. The amount of the requested interim increase constitutes an 18.72 percent increase to the base charges during the interim period. The Commission is currently scheduled to consider the Company's request for an interim increase at its July 7, 2026, Agenda Conference. Any interim increase will be placed into effect subject to refund, with interest, if at the conclusion of this proceeding, the Commission determines that some or all of the increase was not justified.

IV. Reasons for Request - Key Factors

As further set forth in the testimony and exhibits of FCG's witnesses, one of the primary drivers of the change in revenue requirements has been FCG's capital investment initiatives that support system growth, increased reliability and safety, and provide enhanced customer service. In particular, the Company is making significant technology investments to enhance the service reliability of the Company's internal network, its billing systems, its communications systems, and to address cyber security measures, including protecting customer information. The Company is also introducing Advanced Mobile Leak Detection (AMLD) vehicles across its service territories to enhance its ability to identify and respond to potential system issues. In addition, FCG has also adopted modern software platforms that leverage artificial intelligence and machine learning to help prevent asset damage, improve safety performance, and reduce operational risk.

Another driver is the growth in operating and maintenance (O&M) expenses that is largely due to inflation. While these increases are particularly notable as they pertain to insurance costs and property taxes, costs in a number of other areas, such as technology, labor, equipment, and materials, have also increased.

The Company also projects that its retail rate base will increase approximately $255.2 million or approximately 52.37% over that established in its last rate case. This increase in rate base is primarily due to FCG's investments made to support customer growth, increased reliability and safety, and enhanced customer service. These investments were prudent and necessary for FCG to fulfill its obligation to provide safe and reliable natural gas service to the customers and communities it serves.

In order to continue to provide, in the face of these challenges, "reasonably sufficient, adequate, and efficient service," as required by Section 366.03, Florida Statutes, FCG must be able to not only recover its cost to serve, but also attract capital at reasonable rates and offer a fair return for its investors. Without a rate increase, FCG will be unable to provide the level of service required by statute and will also be unable to meet its obligations to its investors. Thus, FCG is asking that this Commission allow the Company to increase its rates and charges enough to provide a total increase in annual revenues of $46.9 million.

To produce the requested permanent revenue increase, the Company has also filed revised tariff schedules which include the requested rate increases. The adjustments to the various rates and charges, and the changes made to the different rate classes, are based upon a cost of service study, which was then used to allocate costs across the Company's different rate classes. While revisions vary from rate class to rate class, a typical residential customer of FCG would see a total bill increase of $13.57/month or 24.29 percent, including SAFE and gas costs (PGA). A comparison of the present and proposed rates is attached to this Synopsis as Appendix A, along with a copy of the Executive Summary submitted with the Company's filing at the Commission.

V. Additional Requests

In addition to the requested rate increase, the Company is also seeking Commission approval to take several additional items and actions, including:

1) Maintain annual storm damage reserve accrual of $57,500 and a target reserve of $800,000, and to recover prudently incurred storm costs under the framework prescribed originally by the 2018 Settlement and subsequently continued by Order No. PSC-2023-0177-FOF-GU;
2) Expend additional funds necessary to expand deployment of AMI meters in its service territory;
3) Recover the allocated cost of Chesapeake's enterprise resource program ("ERP"), which is a multi-year initiative to modernize and integrate core financial and operational business

systems centered around SAP and will allow Chesapeake, and FCG, to manage and integrate their core business activities within a single system, strengthen internal controls, improve regulatory reporting; and support future growth as FCG grows to meet the needs of its customers;

4) Move recovery of $16.4 million associated with SAFE assets into base rates and reset the current SAFE surcharge to zero;
5) Retain the acquisition adjustment originally approved by Order No. PSC-2007-0913-PAA-GU until fully amortized;
6) Revise its Area Extension Plan (AEP) to reduce confusion regarding the calculation of the surcharge and to promote a more administratively efficient means of administrating the program and surcharge; and
7) Implement several rate structure and rate design changes, including consolidation of residential classes, adjustments to commercial class applicability thresholds, elimination of unused rate schedules, and revisions to customer and demand charges.

VI. Rate Making Process

The Company has filed detailed accounting and financial schedules, based upon the projected and historic test years, which are called MFRs. The Company has also filed a formal Petition making its request to the Commission, along with written, pre-filed testimony and exhibits of its witnesses, who explain and support the Company's analysis of rate base, capital structure, achieved and required net operating income, adjustments to expenses and rate base, tariff changes, including quality of service, and other pertinent issues.

The Commission will address the Company's request through a full hearing process. This process will include customer service hearings to receive testimony from the Company's customers regarding the Company's quality of service and other matters pertinent to the Company's requested rate increase.

Key issues in the case are likely to include:

1. What is the appropriate test year for setting base rates?
2. What is FCG's appropriate test year rate base?
3. What is FCG's cost of capital?

4. What is FCG's test year net operating income?
5. Is FCG's cost of service methodology appropriate?
6. Is the quality of service provided by FCG adequate?
7. Are the proposed consolidation and restructuring of rate classes appropriate?
8. What are the appropriate rates for each customer class?

Specific issues will be identified in a prehearing order issued by the Commissioner assigned as Prehearing Officer for the case.

Upon completion of the customer service hearings and the formal hearing (scheduled for September 28-October 2, 2026, in Tallahassee), the Commission's professional staff will prepare a recommendation based upon the evidence presented addressing what rate relief, if any, is appropriate for the Company. The Commission's staff is composed of attorneys, engineers, accountants, rate and finance analysts, and consumer affairs specialists. The Commission will review and take action on their staff's recommendation and thereafter, an Order addressing the Company's request will be issued. They will base their decisions on all issues in the case upon the evidence that is received.

In addition to the Commission's professional staff, the Office of Public Counsel has intervened in this docket and will be analyzing the documents and testimony submitted by the Company, as well as any additional information produced through the formal discovery process or as a result of the audit that will be conducted by the Commission's audit staff. The Office of Public Counsel may be contacted at: Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400.

The Commission will conduct in-person and virtual customer service hearings to allow customers to express their views on the Company's quality of service and the impact of the requested rate increase at the following dates and times:

<u>In-Person Service Hearing</u>

Wednesday, July 29, 2026, at 9:30 a.m. (EDT)

Brevard County Government Center

2725 Judge Fran Jamieson Way
Viera, FL 32940

Virtual Service Hearings
Monday, August 17, 2026
10:00 a.m. (EDT) (Virtual)
2:00 p.m. (EDT) (Virtual)

Members of the public who wish to present testimony can register in one of the following ways: (1) register using the Commission's online registration form, which will be available at www.FloridaPSC.com, under the "Hot Topics" heading, (2) call the Commission at (850) 413-7080, (3) email speakersignup@psc.state.fl.us, or (4) register upon arrival at the venue. Online registration for the in-person July 29th service hearing will open on July 15th, 2026 at 9:00 am, and close at noon on July 27th, 2026. Online registration for the virtual service hearings will open on August 3, 2026 at 9:00 a.m., and close at noon on August 14th, 2026.

Please note that the order in which customers will speak is based on the order in which they register. If you have questions about the sign-up process, please call (850) 413-7080. One day prior to each virtual hearing, customers who signed up to speak will be provided further instructions on how to participate, including the call-in number, from Commission staff.

All persons who wish to comment are urged to appear promptly at the scheduled customer service hearing times because the hearing may be adjourned early if no witnesses are present to testify, or when those present have testified.

Persons wishing to testify must provide their name, address, and specify which hearing date they wish to testify.

One or more Commissioners will be present at the customer hearings.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this meeting should contact the Office of Commission Clerk no later than five days prior to the meeting at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 or (850) 413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD).

Beginning September 28, 2026, the PSC will conduct a technical hearing to allow the Company and other parties to the proceeding to present testimony and relevant evidence regarding the rate request.

To watch either the customer service hearings or the technical hearing live, visit **floridapsc.com** and look for the "Watch Live and Archived PSC Events" icon on the left side of the webpage. If you do not have access to the internet, you may call **1-850-413-7999** to listen to the hearings. If you are hearing or speech impaired, you may contact the PSC by using the Florida Relay Service at **1-800-955-8771** (TDD).
Currently, the schedule for this proceeding is as follows:

(1) FCG's Direct testimony and exhibits and MFRs	April 20, 2026 (complete)
(2) Intervener's testimony and exhibits	July 20, 2026
(3) Commission Staff's testimony and exhibits	July 28, 2026
(4) In-Person Service Hearing	July 29, 2026
(5) Rebuttal testimony and exhibits	August 13, 2026
(6) Virtual Service Hearings	August 17, 2026
(7) Prehearing Statements	August 31, 2026
(8) Prehearing Conference	September 14, 2026
(9) Discovery deadline	September 16, 2026
(10) Hearing	September 28-October 2, 2026
(11) Briefs	October 21, 2026

Information regarding the Company's requested rate increase including, detail of the Company's MFRs, and a synopsis of the case can be reviewed from the Company's website at:

https://www.floridacitygas.com/rate-filing/ or from the Florida Public Service Commission's website at:

https://www.psc.state.fl.us/clerks-office-dockets-level2?DocketNo=20260026

Any written customer comments regarding the Company's service or the proposed rate increase should include the docket number assigned to this case, Docket No. 20260026-GU, and should be addressed to:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Florida Public Service Commission's email at clerk@psc.state.fl.us , or the Commission's website available at: http://floridapsc.com/about/contact/form.aspx.
If you wish to contact the Florida Public Service Commission regarding complaints about service, you may call the Commission's Office of Consumer Assistance and Outreach at the following toll-free number: **1-800-342-3552.**

Contact information for staff is provided below. You may also find additional information in the Rate Case Overview, which can be viewed at https://www.floridapsc.com/ratecase-overviews .

For technical questions, contact: Orlando Wooten at (850) 413-6686 or
OWooten@psc.state.fl.us

For legal questions, contact: Major Thompson at (850) 413-6076 or
major.thompson@psc.state.fl.us

If you wish to contact the Commission regarding complaints about service, you may call the Commission's Division of Consumer Assistance and Outreach at the following toll-free number 1-800-342-3552.

APPENDIX A

FLORIDA CITY GAS

COMPARISON OF CURRENT AND PROPOSED RATES

	Present Rates	**Interim Rates**	**Proposed Rates**
	--------------------------------	Service Charge(s)	--------------------------------
Service Connection (Residential)	$90	$90	$95
Service Connection (Non-Residential)	$150	$150	$150
Outside normal hours/res.	$110	$110	
*Outside normal hour*s/non-res.	$200	$200	
Same Day			$200/residential and non-residential
Reconnection (Residential)	$90	$90	$90
Outside Normal Hours	$105	$105	
Reconnection (Non-Residential)	$105	$105	$120
Outside Normal Hours	$120	$120	
Change of Account	$20	$20	$55

	Present Rates	**Interim Rates**	**Proposed Rates**
Failed Trip Charge	$20	$20	$55
Temporary Disconnect	$35	$35	$55
Outside Normal Hours	$45	$45	
Bill Collection in Lieu of Disconnect	$25	$25	
Outside Normal Hours	$32	$32	
Meter Read Outside Normal schedule	$15	$15	
Meter Read *Outside Normal Hours*	$22	$22	
Returned Check Charge	Payment of the full amount of the dishonored payment, plus a service charge of $25 if the face value does not exceed $50, $30 if the face value exceeds $50 but does not exceed $300, $40 if the face value exceeds $300, or 5 percent of the face amount of the dishonored instrument, whichever is greater	No change from Present Rates	Per Statute
Late Payment	1.5% or $5.00 whichever is greater		

Current Rate Class	Proposed Rate Class	Present Rates					Interim Rates					Proposed Rates				
		Customer	Distribution	Demand		Total Per Therm	Customer	Distribution	Demand		Total Per Therm	Customer	Distribution	Demand		Total Per Therm
		Charge	Charge	Charge	SAFE	Charge	Charge	Charge	Charge	SAFE	Charge	Charge	Charge	Charge	SAFE	Charge
RS-1	RS	$18.00	$0.67667		$8.70	$0.67667	$18.00	$1.40576		$8.70	$1.40576	$36.50	$0.91502		$0.00	$0.91502
RS-100	RS	$19.00	$0.57421		$8.70	$0.57421	$19.00	$0.91507		$8.70	$0.91507	$36.50	$0.91502		$0.00	$0.91502
RS-600	RS	$25.00	$0.70799		$8.70	$0.70799	$25.00	$0.91517		$8.70	$0.91517	$36.50	$0.91502		$0.00	$0.91502
GS-1	GS-1	$31.00	$0.57949		$8.70	$0.57949	$31.00	$0.71926		$8.70	$0.71926	$85.00	$0.93355		$0.00	$0.93355
GS-6K	GS-1	$44.00	$0.48722		$11.01	$0.48722	$44.00	$0.58814		$11.01	$0.58814	$85.00	$0.93355		$0.00	$0.93355
GS-6K	GS-2 (10K)	$44.00	$0.48722		$11.01	$0.48722	$44.00	$0.58814		$11.01	$0.58814	$155.00	$0.83077		$0.00	$0.83077
GS-25K	GS-2 (10K)	$188.00	$0.44046		$11.01	$0.44046	$188.00	$0.53493		$11.01	$0.53493	$155.00	$0.83077		$0.00	$0.83077
GS-25K	GS-3 (50K)	$188.00	$0.44046		$11.01	$0.44046	$188.00	$0.53493		$11.01	$0.53493	$600.00	$0.73250		$0.00	$0.73250
GS-120K	GS-4 (120K)	$375.00	$0.28336	$0.71900	$11.01	$1.00236	$375.00	$0.34948	$0.71900	$11.01	$1.06848	$750.00	$0.36219	$0.92517	$0.00	$1.28736
GS-1250K	GS-5 (1250K)	$625.00	$0.14073	$0.71900	$11.01	$0.85973	$625.00	$0.17957	$0.71900	$11.01	$0.89857	$1,250.00	$0.14125	$0.92517	$0.00	$1.06642
GS-11M	GS-6 (11M)	$1,250.00	$0.10320	$0.71900	$0.00	$0.82220	$1,250.00	$0.10320	$0.71900	$0.00	$0.82220	$2,500.00	$0.10358	$0.92517	$0.00	$1.02875
GS-25M	GS-7 (25M)	$2,500.00	$0.05160	$0.71900	$11.01	$0.77060	$2,500.00	$0.05160	$0.71900	$11.01	$0.77060	$5,000.00	$0.05179	$0.92517	$0.00	$0.97696
RSG	RSG	$25.00	$0.00000 (Up to 14 Therms) $0.57421 (Over 14 Therms)		$0.00	$0.00000 (Up to 14 Therms) $0.57421 (Over 14 Therms)	$25.00	$0.00000 (Up to 14 Therms) $2.63782 (Over 14 Therms)		$0.00	$0.00000 (Up to 14 Therms) $2.63782 (Over 14 Therms)	$54.27	$0.91502		$0.00	$0.91502
CSG	CSG	$36.00	$0.00000 (Up to 26 Therms) $0.57949 (Over 26 Therms)		$0.00	$0.00000 (Up to 26 Therms) $0.57949 (Over 26 Therms)	$36.00	$0.00000 (Up to 26 Therms) $1.15159 (Over 26 Therms)		$0.00	$0.00000 (Up to 26 Therms) $1.15159 (Over 26 Therms)	$231.58	$0.83077		$0.00	$0.83077
Gas Lighting		$10.69/Lamp	$0.59363		$8.70	$0.59363	$13.38/Lamp	$0.74315		$8.70	$0.74315	$0.00	$0.00000		$0.00	$0.00000

APPENDIX B

FLORIDA CITY GAS

Schedule A – Executive Summary Schedules