



Chesapeake Utilities Corporation to Exit the Natural Gas Marketing Business; Selling Peninsula Energy Services Company, Inc. Assets

October 9, 2019

DOVER, Del., Oct. 9, 2019 /PRNewswire/ -- Chesapeake Utilities Corporation (Chesapeake Utilities) (NYSE: CPK) today announced that it is exiting the natural gas marketing business through the sale of the majority of the assets of Peninsula Energy Services Company, Inc. (PESCO), the Company's natural gas marketing subsidiary. To date, the Company has executed three separate transactions to sell PESCO's assets and contracts:

- PESCO's Florida retail operations will be sold to Gas South LLC.
- PESCO's other non-Florida retail operations and contracts were sold to United Energy Trading, LLC (UET).
- PESCO's Mid-Atlantic wholesale contracts and Chesapeake Utilities' Delaware division, Maryland division and Sandpiper Energy Asset Management agreements were sold to NJR Energy Services Company (NJRES).

The Company expects to recognize a gain from the sale of the assets in 2019 upon the closing of the transactions. More information will be provided in the Company's third quarter earnings press release and Form 10-Q report as well as subsequent filings.

"After performing a strategic review of the PESCO business unit, we determined that our efforts should be focused on the strategies that support our core energy delivery businesses. The level of investment in infrastructure required to achieve the scale needed for future growth meant that PESCO would not achieve the target returns we expect," noted Jeff Householder, President and CEO of Chesapeake Utilities Corporation. "As a result, we made the decision to exit this business, and have done so in a way that reduces future volatility in our earnings, recovers our investment and improves our earnings outlook going forward."

"Commitment to quality service, access to supply, and service offerings were the driving factors for the selected counterparties. We are working closely with Gas South, UET, and NJRES to ensure each transaction is executed in an efficient manner with minimal impact to the respective customers," added Bill Hancock, Assistant Vice President of PESCO. "We have one remaining small book of business, our Producer Services portfolio, which we are targeting to sell by the end of the year."

About Chesapeake Utilities Corporation

Chesapeake Utilities Corporation is a diversified energy company engaged in natural gas distribution and transmission; electricity generation and distribution; propane gas distribution; and other businesses. Information about Chesapeake Utilities Corporation's businesses is available at www.chpk.com, through the Company's Investor Relations App and on the Annual Report Microsite at cpkannualreport.com.

About Gas South LLC

Gas South is a leading provider of natural gas in competitive markets throughout the southeastern U.S., serving more than 300,000 residential, business and governmental customers in Georgia, Florida, North Carolina and South Carolina. Gas South is a wholly-owned subsidiary of Cobb EMC, one of the country's largest electric cooperatives.

About United Energy Trading, LLC

United Energy Trading, LLC is a fully integrated energy marketing and logistics organization with operations throughout the continental United States and Canada. UET purchases, transports, and/or sells approximately 2 billion cubic feet/day of natural gas on over 80 pipelines, approximately 400,000 barrels/day of crude oil on over 20 pipelines and over 2.5 million gallons per day throughout North America.

About NJR Energy Services Company

NJR Energy Services, a subsidiary of New Jersey Resources (NYSE: NJR), manages a diversified portfolio of natural gas transportation and storage assets and provides physical natural gas services and customized energy solutions to its customers across North America.

Please note that Chesapeake Utilities Corporation is not affiliated with Chesapeake Energy, an oil and natural gas exploration company headquartered in Oklahoma City, Oklahoma.

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