



November 2, 2016

Chesapeake Utilities Corporation Announces Largest Natural Gas Pipeline Expansion In Company History

Customer Precedent Agreements Finalized for 2017 Expansion Project

DOVER, Del., Nov. 2, 2016 /PRNewswire/ -- Chesapeake Utilities Corporation (NYSE: CPK) (Chesapeake Utilities) announced today that Eastern Shore Natural Gas Company (ESNG), Chesapeake Utilities' interstate natural gas transmission subsidiary, finalized precedent agreements with customers for its 2017 Expansion Project that will add significant firm transportation pipeline capacity in the region.

"This project is the single largest expansion in Eastern Shore Natural Gas' long history of providing safe, clean, domestic and affordable natural gas," said Michael P. McMasters, Chesapeake Utilities Corporation President and Chief Executive Officer. "Our company continues to invest in energy infrastructure throughout the Mid-Atlantic area. This project will increase the firm transportation deliverability to our region by approximately 25 percent, supporting economic growth in the region."

Precedent agreements have been signed by seven of ESNG's existing customers who have requested new firm transportation services. As a result of this expansion, this project will provide more than 60,000 dekatherms per day of additional firm natural gas transportation deliverability on the pipeline.

"This expansion of firm natural gas transportation capacity is a result of our ongoing commitment to providing new service and supply options for our customers," said Stephen C. Thompson, President of Eastern Shore Natural Gas Company. "The firm transportation capacity added will position us to meet growing market demand for reliable energy in the region, as evidenced by the record number of customers participating in the project."

The 2017 Expansion Project consists of approximately 23 miles of pipeline looping in Pennsylvania, Maryland and Delaware; upgrades to existing metering facilities; installation of an additional 3,550 horsepower compressor unit at the existing Daleville Compressor Station in Chester County, Pennsylvania; and approximately 17 miles of new mainline extension and the addition of two pressure control stations in Sussex County, Delaware. These new facilities are estimated to cost about \$99 million. ESNG estimates that it will generate gross margin of approximately \$15.7 million in the first full year after the new transportation services go into effect.

ESNG intends to file its formal certificate application for the 2017 Expansion Project with the Federal Energy Regulatory Commission (FERC) in the fourth quarter of 2016, pending the completion of its ongoing pre-filing regulatory process at the FERC. Subject to the timing of FERC approval, ESNG intends to commence construction of the expansion project in the second quarter of 2017 and place the facilities in service during the latter part of the fourth quarter of 2017.

More information about the project and its progress can be found at www.esng.com/project/2017-system-expansion.

About Chesapeake Utilities Corporation

Chesapeake Utilities Corporation is a diversified energy company engaged in natural gas distribution, transmission, gathering and processing, and marketing; electricity generation and distribution; propane gas distribution and wholesale marketing; and other businesses. Information about Chesapeake Utilities Corporation's businesses is available at www.chpk.com or through our IR App.

About Eastern Shore Natural Gas Company

Eastern Shore Natural Gas Company, a subsidiary of Chesapeake Utilities Corporation, owns and operates a 442-mile interstate pipeline that transports natural gas from various points in Pennsylvania to customers in Delaware, Maryland and Pennsylvania. For more information, visit www.esng.com.

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

Cautionary Note Regarding Forward-Looking Statements: Statements in this release that are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "expect," "likely," "outlook," "forecast," "would," "could," "should," "can," "will," "project," "intend," "plan,"

"goal," "target," "continue," "sustain," "believe," "seek," "estimate," "anticipate," "may," "possible," "assume," variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that could cause actual results to vary materially from those indicated, including the factors described in Item 1A (Risk Factors) of our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, each of which is incorporated herein by reference, and in other documents that we file or furnish with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, the Company does not undertake, and expressly disclaims, any duty or obligation to update publicly any forward-looking statement after the date of this release, whether as a result of new information, future events, changes in assumptions or otherwise.

For more information, contact:

Jeffrey Tietbohl
Vice President
Eastern Shore Natural Gas Company
302.734.6742
jtietbohl@esng.com

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