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Eastern Shore Natural Gas Receives FERC Approval to Provide Firm Natural Gas Transportation Service to Calpine's Garrison Energy Center

DOVER, Del., Aug. 11, 2016 /PRNewswire/ -- Chesapeake Utilities Corporation (NYSE: CPK) ("Chesapeake Utilities") announced today that the Federal Energy Regulatory Commission ("FERC") approved on July 21 the application by Eastern Shore Natural Gas ("ESNG"), Chesapeake Utilities' interstate natural gas transmission subsidiary, to expand firm natural gas transportation service to Calpine Energy Services' Garrison Energy Center in Dover, Delaware. ESNG will transport 45,000 dekatherms per day ("dt/d") of natural gas to service Calpine's 309 MW electric generation plant.

"This project is an example of our ability to provide clean natural gas thereby generating long-term value for our customers, investors, employees and our communities," said Michael P. McMasters, Chesapeake Utilities Corporation President and Chief Executive Officer. "We are proud to be an integral part of providing access to natural gas, improving our environment and reducing energy costs."

The transportation service will be provided under ESNG's Off Peak ≤ 90 Firm Transportation ("OPT") Rate Schedule. The OPT is a firm service that was designed to provide customers with an additional service offering that better matched the specific load requirements of the customer. Calpine's Garrison Energy Center has dual fuel capability to help mitigate the effects of any potential gas interruption.

"This agreement with Calpine exemplifies our continued efforts to meet the energy needs of the region as demand for economic and environmentally friendly natural gas increases," said Steve Thompson, President of Eastern Shore Natural Gas. "Through our pipeline facilities, we're dedicated to transporting this domestic fuel source safely, reliably, and responsibly."

ESNG plans to expand its facilities with the installation of 5.4 miles of 16-inch pipeline looping and 3,550 horsepower of new compression in Delaware. These new facilities are estimated to cost approximately \$38 million. ESNG estimates that it will generate at least \$5.8 million of revenue annually from providing the OPT service to Calpine. Since Calpine's electric generation plant initiated operations in the second quarter of 2015, ESNG has been providing Calpine with a limited mix of short-term service solutions until the facilities associated with this project are completed.

Completion of the facilities are anticipated during the first quarter of 2017.

About Chesapeake Utilities Corporation

Chesapeake Utilities Corporation is a diversified energy company engaged in natural gas distribution, transmission, gathering and processing, and marketing; electricity 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.

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