Q2 2019 Earnings Call

Company Participants

- Beth W Cooper: Executive Vice President, Chief Financial Officer & Asst.Secretary
- Jeffry M Householder: President & Chief Executive Officer
- Jim Moriarty: Executive Vice President, General Counsel, Corporate Secretary & Chief Policy and Risk Officer
- Kevin J Webber, Senior Vice President & President, Florida Business Unit

Other Participants

- Tate Sullivan

Presentation

Operator

Good morning. My name is Chino, and I'll be your conference operator today. At this time, I would like to welcome everyone to the Chesapeake Utilities Second Quarter 2019 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. (Operator Instructions) I would now like to turn the call over to Ms. Beth Cooper, you may begin your conference.

Beth W Cooper, Executive Vice President, Chief Financial Officer & Asst. Secretary

Thank you, Chino. Good morning, everyone. I'd like to welcome everyone to the Chesapeake Utilities second quarter 2019 earnings conference call.

Joining me on the phone today are; Jeff Householder, President and CEO; and Jim Moriarty, Executive Vice President, General Counsel and Chief Policy and Risk Officer. We have other members of the management team in the room with us. Today's call is being held at our Energy Lane complex in Dover, Delaware. Our presentation will focus on our quarterly and year-to-date results, as well as opportunities looking forward.

Turning to Slide 2, I know most of you are familiar with this slide, but it includes our normal disclosures related to forward-looking statements concerning the Company's future performance. Again we refer you to our 2018 Annual Report for a list of factors that could cause our results to differ from that forward-looking information we have included in today's presentation. Today's discussion will also include certain non-GAAP measures; such as gross margin and adjusted EPS, I will now turn the call over to Jeff.

Jeffry M Householder, President & Chief Executive Officer

Good morning, and thanks for joining us.

Good to speak with you today to deliver the Company's second quarter results. I'm happy to report that Chesapeake Utilities has continued its long history generating strong financial and operational results in the second quarter. Earnings per share in the quarter was $0.50, representing growth of 8.7% compared to last year in terms of adjusted earnings per share. And as always, we continue to be very thankful for our dedicated employee group that continue to identify and execute a combination of strategic growth and regulatory initiatives, we'll talk about several of those today.

Our 2019 second quarter results reflect the positive impact from natural gas expansions in both Delmarva and Florida. We also saw lower operating expenses of about $0.14 a share that offset about a $0.09 reduction in earnings per share in quarter two from significantly warmer weather, we've experienced in Delmarva and Ohio this spring. You can see an income- related chart on Page 3, those weather differences compared to normal and to last year, remain fairly significant.

Turning over to Slide 4, just the highlights from the first half of 2019, we have a long history, as you well know in this company of generating shareholder return that are above at least 15%. We've continued that in the first half of 2019 with a 17.7% growth over 2018 adjusted EPS and we've also increased the dividend by 9.5%, in May of this year, which represents a five year dividend growth of 8.4%. The growth across the businesses really is a reflection of the margin that we've driven through the projects that we've been able to execute on. New pipeline projects in service of about $8.1 million, natural gas distribution growth including our pipeline replacement projects in Florida, and a variety of conversions about $3.4 million and happy news with the Marlin acquisition which generated about $3.4 million in margin to date with Marlin. The other thing we've been quite successful doing, as I mentioned earlier, is pursuing a variety of regulatory initiatives. And one of those that we're very happy with is the ability to retain a portion of our TCJA tax savings in certain of our Florida natural gas distribution operations that has added about $2.3 million in margin year-to-date to our results.

The other thing I think that's worth noting, is this week we filed with the Florida Public Service Commission for recovery of the cost incurred associated with the Hurricane Michael, it's kind of a two pronged filing, there is a piece of the recovery that will be permanent rate adjustments along with the remaining piece in our storm recovery reserve. Turning over to Slide 5, just to continue some of the earnings summary for the first half of '19. As I mentioned earlier 17.7% growth over prior-year in adjusted earnings per share, you can see the -- again the weather variances, and we have experienced a fairly significant decrease in customer consumption due to weather in Delmarva and Ohio that actually, over the course of the first two quarters, reduced earnings by about $0.19.

Turing to Slide 6, earnings per share growth averaged 7.9% and 9.6% for the past five and ten years, ended December 31st. We believe that we're well positioned in 2019 to continue that trend, we have provided some earnings growth guidance to you guys over the last couple of years that basically takes our investment capabilities from 2018 through 2022, up to almost $1 billion, and we have provided guidance on our EPS growth at 7.75% to 9.5%. You see those numbers reflected in the forecast of our 2022 earnings per share numbers on the chart. I think we are in good shape to achieve those forecast numbers; we have a number of expansion projects underway.

We see significant organic growth occurring in literally every one of our operating areas. And we've been very successful, as I indicated earlier, in our regulatory initiatives that have continued to add significant margin for the company. And we'll continue to drive for efficiency savings, you know we indicated about a $0.14 per share cost savings. We'll see some of that continue over the next few years. It's not a substantial effort underway to simply slash costs here, but we are looking at a variety of ways to improve efficiencies and to look for synergies, as we continue to find operational opportunities between our business units.

On page 7, let's see, I believe I’m turning this back to you Beth.

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary

Yes. Thanks Jeff. As mentioned earlier, we recorded GAAP earnings per share of $0.50 for the second quarter. The key drivers of our gross margin growth are identified on Slide 7, and as you'll see added about $0.22 in earnings per share. Margin increases and natural gas transmission service expansion projects, coupled with the associated natural gas distribution expansions in Delmarva and Florida, added $3.7 million in pretax income or about $0.16 per share as shown on the slide. Natural gas distribution customer growth and Sandpiper conversions, added $1.1 million in gross margin or $0.05 per share, the unregulated energy segment gross margin was positively impacted by $1.1 million from Marlin Gas Services and the old propane assets that we acquired late in 2018. Lower operating expenses related to outside services, facility, costs, and payroll related expenses, did offset the warmer weather experienced during the quarter. The higher level of depreciation amortization and taxes are reflective of our investment in continuing to expand our footprint in our service territory.

Interest expense related to growth and fully funding Hurricane Michael restoration costs increased $1.8 million. I'm going to talk about that further on the next slide. Before moving to the next slide though, I did want to comment about two key factors that negatively impacted the quarter, even though our results were still very strong. First, to elaborate on a point that Jeff mentioned earlier, the weather in the second quarter was significantly warmer compared to both the second quarter of 2018 and the 10-year average for the quarter. As a result, our earnings potential was 15% lower or $0.09 per share. Secondly, PESCO year-over-year reported results, those negatively impacted EPS by $0.09 per share. We are working with the PESCO team to implement strategies that restore profitability as quickly as possible. Turning to

Slide 8, we thought it would be beneficial to show the breakdown of the year-to-date increase of $3.8 million in interest expense. Average borrowing was up year-to-date approximately $200 million, compared to the first half of last year, as we financed our record capital investment program with both long-term debt and short-term debt. Short-term borrowing rates were 75 basis points higher than last year, as LIBOR rates moved up beginning in the second half of 2018, and continued higher for the first half of 2019. Last year's Hurricane Michael devastated FPU's electric distribution operation in the Florida Panhandle. Our tremendous restoration efforts also required the issuance of $60 million in intermediate debt due in early 2020.

The loan rates are attractive at LIBOR plus 75 basis points. Please note, these interest cost have not been recovered yet, and are included in the filing we made on Wednesday with a Florida PSC Year-to-date, a portion of these interest costs have been expensed and reduced EPS by $0.04 per share. The $100 million 20-year 3.53% private placement notes placed with New York Life were funded in May and November 2018, and accordingly were fully outstanding in the first half of 2019. Slide 9, shows our capital structure for the last four fiscal years and as of June 30, 2019. At June 30, our equity to total capitalization ratio represented 45.5%, excluding Hurricane Michael, which was not in our initial capital financing plan, equity to total capitalization, represented 48% at the end of June.

On this coming Monday, we are funding a $100 million of 3.98% private placement notes due 2039 that we previously circled last August with Prudential. We expect to finance the $60 million intermediate term notes due in 2020, which are included today in the current portion of long-term debt, by the end of this year to match the liability maturity with the newly replaced asset lives. We are reviewing our capital structure and financing plans for debt and equity in conjunction with the timing of our capital spending, and in-service dates for growth projects. We expect to migrate that closer to our target structure, as we move through the latter part of this year and into 2020.

In May, the board of directors voted to increase our 2019 annualized dividend 9.5% or $0.14 per share, from $1.48 to $1.62 as shown on Slide 10. The dividend increase aligns our five year earnings growth rate on a GAAP basis of 8.8% with our five year dividend growth rate of 8.4%. Chesapeake has paid a dividend for 58 consecutive years and grown the dividend in each of the past 15.

Our goal is to provide above average dividend growth and shareholder return, driven by our disciplined approach to investment opportunities and the resulting growth in earnings per share. Our lower dividend payout ratio of 47% is indicative of reinvesting retained earnings, given our investment prospects, while providing flexibility to continue future dividend growth above the industry. Slide 11, reflects our updated capital expenditure forecast for 2019 of approximately $178 million, including 77% for projects in our regulated energy segments and associated with natural gas distribution, transmission, and electric distribution projects. The forecast increased $9 million from our budget, primarily for growth projects associated with Marlin Gas Services. Jeff will talk later about the opportunities we see for Marlin in the near and longer term. As we progress through the year, we will continue to evaluate additional strategic growth opportunities that could add to our capital spending plan.

Slide 12, shows our performance quadrant, which many of you have seen in our earlier presentations. Once again, Chesapeake stands out among amidst -- a wide range of gas and combined gas and electric peers companies with capital expenditures to total capitalization at approximately 26% and ROE at 11.9% for the three years ended March 31, 2019. Given the capital investments we have made and the returns we have achieved on those investments. This performance continues to place us in the top right-hand quadrant, high investment, high return. We also show that Chesapeake's performance is above the 75th percentile in each of the key financial metrics we monitor, for the most recent three year period, compared to our traditional gas company peers. And those include as I mentioned the CapEx, the ROE, EPS growth of 10.5%, dividend growth of 8.8% and total shareholder return just above 15.

I am now going to turn the call back to Jeff to provide further details on our recently completed and future growth projects, as well as regulatory initiatives.

Jeffry M Householder, President & Chief Executive Officer

Thank you, Beth. On Slide 13, we provide a snapshot of major projects and initiatives, we'll use the table on Slide 13, to highlight the growth projects that are either underway or completed as well as their margin contribution. For 2019, we expect margin growth of approximately $21 million, which includes $15 million achieved in the first half of this year.

For 2020, we are currently anticipating $9 million in incremental gross margin as projects are completed or partially put into service next year. And obviously we continue to seek out new projects that would add to that margin growth trajectory in 2020 and beyond. As you can see he table does not include new projects under development. Once those projects have been approved, we include them in our forecast of margin for 2019, 2020 or beyond, depending on the actual in-service dates.

It's important to note that we received approval on Wednesday for another natural gas pipeline expansion in Florida. What we call the Auburndale expansion project which will go into service this month, and add incremental margin of approximately $300,000 in 2019, and annual margin of approximately $700,000. We'll provide more details of that project in our next quarterly filing. It was a relatively complicated project to put together, and we are very happy to report that we're able to acquire a gate-station interconnect from Calpine actually on the Gulfstream Pipeline and some pipe that's already interconnected into our distribution system, which will operate through Peninsula pipeline, providing us another interconnect into the Central Florida Gas system. It was a project that we took quite a bit of time to develop, I'm very happy to see it actually came to fruition.

Turning to Slide 14, again, we are indicating here, we're providing a list of recently completed and projects that are underway in our natural gas system most of these projects are either on the Delmarva Eastern Shore Natural Gas or Florida Peninsula Pipeline. They represent a combined investment of $280 million with annual estimated margin of $32 million in 2020 and $38 million thereafter.

It's probably worth making a point here, we're updating at this time, our five-year plan for strategic growth initiatives, capital spending and earnings targets. We've had a long history of taking a very disciplined approach to our strategic investments, that's led to above average earnings per share growth and return on equity over the past five years.

We expect to continue that trend going forward. Our initial plans as Beth has indicated call for capital spending between $750 million to $1 billion with an earnings per share growth rate of 7.75% to 9.5% over the five-year period ending 2022. It's a certainly ambitious target, but they reflect our recent growth history and we believe that they are in fact achievable. Our strategic planning process, involves our business leadership team, working collaboratively to identify future growth opportunities for our business. The strategic plan serves as a roadmap for the future based on what we do best, growth is a high priority in this planning process, but we have an equal attention paid to safety, the communities we serve, environmental stewardship, employee development, and cost efficiency.

Just a quick update now on a few of the major projects, turning to Slide 15, the Eastern Shore Natural Gas, Del-Mar Energy Pathway project is under development. As you may recall from prior calls, this product is intended to provide an additional 14,300 dekatherms per day of capacity to four anchor customers with additional distribution system growth to follow as we build out the distribution system in the Princess Anne, Maryland, area.

As shown on Slide 15, the project will expand capacity into the high growth areas of Eastern Sussex County Delaware, and then extend capacity for the first time to Somerset County in Maryland. Estimated gross margin for the project is $3 million in 2020, $4.1 million going forward once fully in service in the second quarter of 2021. We -- as you may recall from the prior quarter, have a filing in front of FERC, our environmental approvals, are in place and we believe that we will receive full FERC approval to proceed with this project by the third quarter of this year.

Turning to Slide 16, Peninsula pipeline is constructing four transmission projects to expand the Company's natural gas system in West Palm Beach Florida we received Florida PSC approval on a multi-phase, multi-community project early this week. First phase of the project was placed into service in December of 2018, generated $0.2 million and $0.3 million of additional gross margin for the three and six months ended June 30, 2019, respectively. The Company expects to complete the remainder of this project in phases in early 2020, and estimates that it will generate gross margin of approximately $0.7 million in 2019 and $4.6 million annually thereafter.

On slide 17, the Callahan pipeline project, we announced In May of 2018, The Peninsula Pipeline, plan to construct a $65 million jointly owned intrastate transmission pipeline with Seacoast Gas Transmission, an Emera affiliate, This is a 26-mile pipeline, with an initial capacity of 148,000 dekatherms per day. It's intended to serve growing demand both in our distribution systems, in Nassau County and in the Emera Peoples Gas System in Duval County, Florida. Working together, we were able to develop a project that was economically and environmentally beneficial for these growing market areas and we are expecting that project to go in-service in the third quarter of 2020. It will ultimately generate gross margin for Peninsula Pipeline of $2.3 million in 2020, and $6 million annually thereafter.

Turning to Slide 18; Marlin Gas Services, the compressed natural gas service transportation business that we acquired in December of 2018. I'm delighted to report that we have achieved performance significantly above our pro forma expectations. It's really been outstanding. We've generated $3.4 million in gross margin year-to-date and, given our initial success and the forecast of our business plan for the remainder of the year, we've increased our margin contribution estimate for 2019, a total of $5.4 million, and we expect margin to grow beyond that to approximately $6.3 million in 2020.

There are numerous opportunities; we believe to expand Marlin in the service areas that it has traditionally provided service in and we also believe we can leverage the patented delivery technology and our ability to deliver compressed natural gas into a couple of different areas. One of those would be the liquefied natural gas transportation area, and the second would be the renewable natural gas transportation area. We see those as significant emerging markets, and we want to pursue them aggressively. The opportunities for renewable natural gas align quite well with our commitment to ESG. I'd like to turn the conversation over to Jim, and he will talk a little bit further.

Jim Moriarty, Executive Vice President, General Counsel, Corporate Secretary & Chief Policy and Risk Officer

Well, thank you, Jeff, and good morning, everyone.

It is a pleasure to be back with you again today to talk about ESG, which has been and continues to be fully and firmly ingrained in our DNA. For Chesapeake Utilities, our approach to ESG reflects our clear strategic focus, our dedicated and engaged employees, and our innovative and creative approaches that are laser-focused on meeting the needs of our customers. Slide 19 and 20, highlight just a few of our most recent ESG accomplishments, and our focus areas of corporate governance, the foundation of our processes and our decision making, our employee-centric company and culture, which are the core of who we are, and our strong and enduring connections with our customers and the communities we serve. We have a long-standing history of ESG practices here at Chesapeake Utilities. And our internal working group has been reviewing industry practices and those of our peers and communicating with stakeholders to help inform our path forward to ensure we provide the most relevant information on ESG. Every day, our employees rely on their entrepreneurial spirit to identify energy efficient solutions, generate savings for our customers, and reduce carbon emissions in our territories. In each of these actions, we all have an unwavering commitment to safety.

In June, two of our subsidiaries, FPU and Aspire Energy earned national safety achievement awards from the AGA, based on criteria that included professional and personal commitment, and dedication to improving the operations and engineering sectors of the national--of the natural gas industry through safety, accident prevention, and research. Our employees not only participate in community events, they also hold leadership roles in these important organizations. One example of these employees is mentioned on this slide, but there are others many others here at our company. Finally our board embraces these same guiding principles, and we are gratified to recognize their many efforts that promote our ESG practices. We are proud of their extraordinary accomplishments, including those of two of our directors Dianna Morgan and Cal Morgan, which are highlighted here on Slide 19. Thank you for your time, and I'll turn the floor back to Jeff for closing remarks.

Jeffry M Householder, President & Chief Executive Officer

Thanks, Jim. Just turning to Slide 21, summarizing the -- our investment proposition and our commitment to continuing to deliver superior performance. We believe, we've laid a very strong foundation over the last really several decades, and certainly in the last several years that's going to provide an opportunity for us to deliver significant returns to our shareholders, and provide energy efficient solutions for our customers, and conduct business as Jim indicated in the right way with environmental responsibility. $1.7 billion now in assets in this company and our average return on equity for the past five years through the end of '18 was 11.9%. And we have a strong balance sheet, we have a high retention rate for reinvestment and we are in fact reinvesting those dollars into projects that are generating significant margins and significant returns.

We talked already about the total return of the company, I think it's fairly impressive, we have a group of very energized and dedicated employees that are driving this business forward and continue to be quite enthusiastic in moving us down a path. And I think we're positioned well for continued growth $178 million in capital spending forecast for this year, something in the range of $750 million to $1 billion, as Beth has indicated in several occasions, targeted spending over the five-year period 2018 through 2022. And we're on track for annualized EPS growth in that 7.75% to 9.95% range. I think it's important to reemphasize that our corporate culture is based on a strong foundation of strategic focus, engaged employees, seeking innovative and safe ways to improve our business to serve our customers in a sustainable and environmentally friendly way, and certainly while keeping our eye on enhancing value to shareholders. We appreciate your interest in Chesapeake, and your time this morning. Beth, Jim and I will be happy to address any questions that you may have. (Q&A)

Operator

(Operator Instructions).
Your first question comes from the line of Tate Sullivan from Maxim Group. Your line is now open.

Tate Sullivan

Hi thank you, good morning.

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary

Good morning.

Tate Sullivan

Good morning. A couple of quick questions, and maybe I'll ask a follow up too. And on the CapEx table Beth that you normally put the other unregulated energy spending of $11 million. Is that fair to link that mostly to Marlin spending?

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary

It's about 90% of that is associated with Marlin. Yes, and the initiatives that we're looking at. There's a small piece in there for some projects that Aspire is also working on, but 90% of it Tate is related to Marlin.

Tate Sullivan

Okay. And is that, I see on the slide, is that -- I mean is that trailer car adding additional trailers to the fleet or is it other infrastructure related costs for Marlin as well?

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary
It is primarily adding to the fleet and as Jeff talked about, we're looking at ways that we can serve some of those other markets in the facilities and equipment that will be able to help us access that. And Kevin Webber is on the line with us as well and joining us Kevin, is there anything you would like to add about that?

Kevin J Webber, Senior Vice President & President, Florida Business Unit
I think you're exactly right it is the tankers and it is more compression and more unload reg stations, but it is all equipment to help pursue those new activities.

Tate Sullivan
Okay, as a follow-up to that, can you give us a specific example of a job Marlin has recently worked on?

Kevin J Webber, Senior Vice President & President, Florida Business Unit
Well, there are an awful lot of jobs that Marlin has recently worked on. We have one of the most recent ones, is a hold for 15,000 customers in South Florida, where a line was hit by a contractor and it was at risk of all of those customers going out having to be shut off and turned back on. And so we were able to get into that area, hook tankers up and maintain the system, so that they did not lose those customers.

Tate Sullivan
Great, thank you. And Jeff on the Callahan pipeline, real quickly, - how long is a project like that under development? When did you start looking at it at the approval process and teaming up with the partner on that project?

Jeffry M Householder, President & Chief Executive Officer
Well, the actual development time probably dates back a decade. We've been looking at opportunities to build a pipe off of the Southern Natural Transmission pipe that comes down through Georgia out of Savannah, literally for ten years or so. The original pipeline that moved gas up from Duval County through the Peoples Gas System and into Nassau County is obviously still active. This gives us the ability to actually reverse the flow of gas come off of the southern Natural pipe with a significantly greater volume and pressure than we're able to get through FGT and into the People's Duval County system. So, it is the real development with Emera has probably gone on for the last two years before we put a shovel in the ground, but we've been looking at this project for literally a decade.

Tate Sullivan
Okay. Thank you for that. I'll get back on the line.

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary
Thanks Tate.

Operator
(Operator Instructions). We do have a follow-up question from Tate Sullivan. Your line is now open.

Tate Sullivan
Thanks, sorry. And then, real quick I saw in the customer count electric customers dropped slightly in Florida and I think that was the case the previous quarter, what are the dynamics there?

Jeffry M Householder, President & Chief Executive Officer
It's the Hurricane (Michael). Customers that really didn't come back on, because there's no houses there anymore in our Northwest division. And that really is the largest indicator or the largest issue there.

Tate Sullivan
Okay, and then the approval process regulatory for Callahan, is it much faster? In terms of building intrastate natural gas pipeline in Florida than Delaware for instance or is it about is it a similar regulatory backdrop?

Jeffry M Householder, President & Chief Executive Officer
It is different the so called intrastate pipes that we build in Delaware are coming off of the Eastern Shore FERC regulated pipeline. And the Peninsula pipeline and Florida intrastate transition pipe is regulated by the commission in Florida as opposed to FERC so there is a significant layer of regulatory --how can I delicately put this oversight there or time requirements to go through the FERC process that you don't see in Florida for intrastate pipe.

Tate Sullivan
Okay, I asked because it just seems fast in terms of, you getting the regulatory approval and then finishing the Callahan project. So -- and Beth real quick, on accounting for that, because it's a 50/50 partnership, there's a no -- so it's that the net margin is the net margin, there's no slight for minority interest or anything like that?

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary
That's correct, that's correct. There's this is not -- we both jointly own the project, it is not that it is a joint venture. It is --we both jointly own it.so it is accounted for not unlike Tate, we have another project in the past that we had done and we account for our investment and our margin shows up as ours -- in our financial statements.

Tate Sullivan
Okay, thank you. And then the last for me is on can you give an update on, sorry, if I missed it on the community gas system propane strategy, are you still seeing higher growth in that strategy than the rest of the propane business? If you can bifurcate that please?

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary
So I mean we are continuing to see growth in our community gas systems both in our legacy service areas as well as we are having opportunities to evaluate projects even outside of our core service territory, because of the relationships that we've built. So when you look at our propane business today, there's really it's a multipronged growth. Strategy that's happening within that business as well. You have the CGS, which is continuing to grow. You have the startups that were initiated several years where you're still having organic growth that's occurring. You have us moving to new locations we're opening, we will be opening up a start-up in the Baltimore area and that's being driven by our AutoGas business, which is also growing both here on the Peninsula and beyond. Into Pennsylvania, into Florida and also on that Western Shore of Maryland. So there's a lot of opportunities for growth here and even beyond Tate in that business.

Jeffry M Householder, President & Chief Executive Officer
I think it's worth mentioning too that the strategy that was put in place relative to CGS being the kind of the first mover into an area where you couldn't get natural gas, it is working quite well. I mean we're seeing now significant opportunities down towards the beach in Delaware to convert a number of our existing CGS propane systems over to natural gas, as part of the expansions that we've had in those areas. And so that's exactly what we hoped. We would see a dozen years ago or so when we started down this path and obviously that then moves us down the path to find more CGS and do the same thing over the next several years, which is exactly what our propane business is doing. So, that's -- it's nice when the planning comes together and that strategy is working out. Pretty much perfectly at this point.

Tate Sullivan
Okay, as always, thank you very much for all the updates. Have a good rest of the day.

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary
Thank you Tate Okay.

Operator
And there are no further questions at this time. I would now like to turn back the call over to the CEO of Chesapeake Utilities Corporation. Mr. Jeff Householder, you may continue.

Jeffry M Householder, President & Chief Executive Officer
Thank you, all I want to do is tell you, how much again I appreciate you joining us today. We had a nice quarter. And we look forward to a good report in the third quarter. And if there are no other questions, we appreciate your time and good day.

Beth W Cooper, Executive Vice President, Chief Financial Officer & Assistant Secretary
Thank you.

Kevin J Webber, Senior Vice President & President, Florida Business Unit
Thank you.

Operator
This concludes today's conference call. You may now disconnect.