

# Driven By **Energy**

**Sidoti & Company**  
**Virtual Road Show**  
July 16, 2020

Commitment  
Growth  
Leadership  
Safety  
Sustainability  
Solutions

Strength  
Team  
Service  
Performance  
Community  
Value

# Forward Looking Statements and Other Disclosures

**COVID-19 Impact:** At this time, we cannot quantify the impact that the COVID-19 virus will have on the economy, and more particularly, on Chesapeake Utilities Corporation (“Chesapeake Utilities or the Company”). The earnings and capital estimates we have included herein do not reflect any estimates of the potential impact. As we gain further clarity on the disruption to our operations caused by COVID-19, including the impact on our projected gross margin, EPS estimates, timing of capital expenditures, etc., we will update our guidance as necessary.

**Safe Harbor Statement:** Some of the Statements in this document concerning future Company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Chesapeake Utilities’ 2019 Annual Report on Form 10-K, Form 10-Q for the quarter ended March 31, 2020 filed with the SEC and other SEC filings concerning factors that could cause those results to be different than contemplated in today’s discussion.

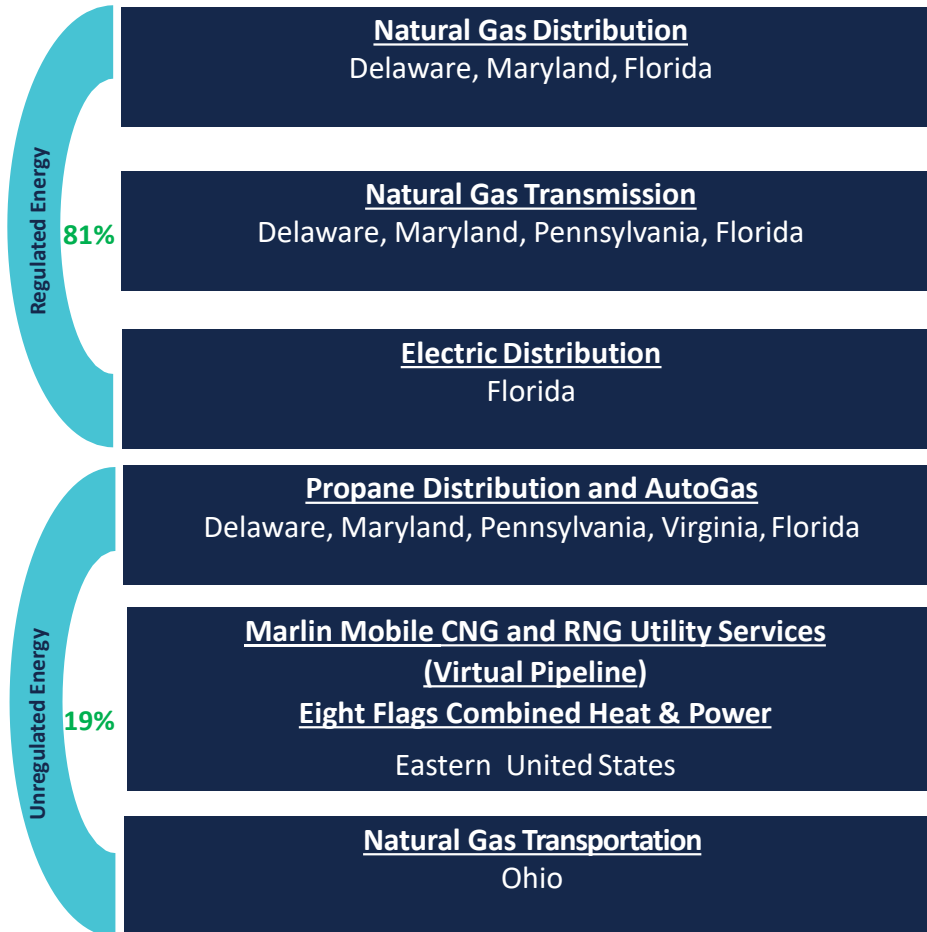
**REG D Disclosure:** Today’s discussion includes certain non-GAAP financial measures as defined under SEC Regulation D. Although non-GAAP measures are not intended to replace the GAAP measures for evaluation of Chesapeake’s performance, Chesapeake believes that the portions of the presentation, which include certain non-GAAP financial measures, provide a helpful comparison for an investor’s evaluation purposes.

**Gross Margin (non-GAAP measure):** Gross Margin is determined by deducting the cost of sales from operating revenue. Cost of sales includes the purchased fuel cost for natural gas, electric and propane distribution operations and the cost of labor spent on different revenue-producing activities and excludes depreciation, amortization and accretion. Other companies may calculate gross margin in a different manner.

*Please note that Chesapeake Utilities Corporation (NYSE: CPK) is not affiliated with Chesapeake Energy (NYSE: CHK), an oil and natural gas exploration company headquartered in Oklahoma City, Oklahoma.*

# Business Overview

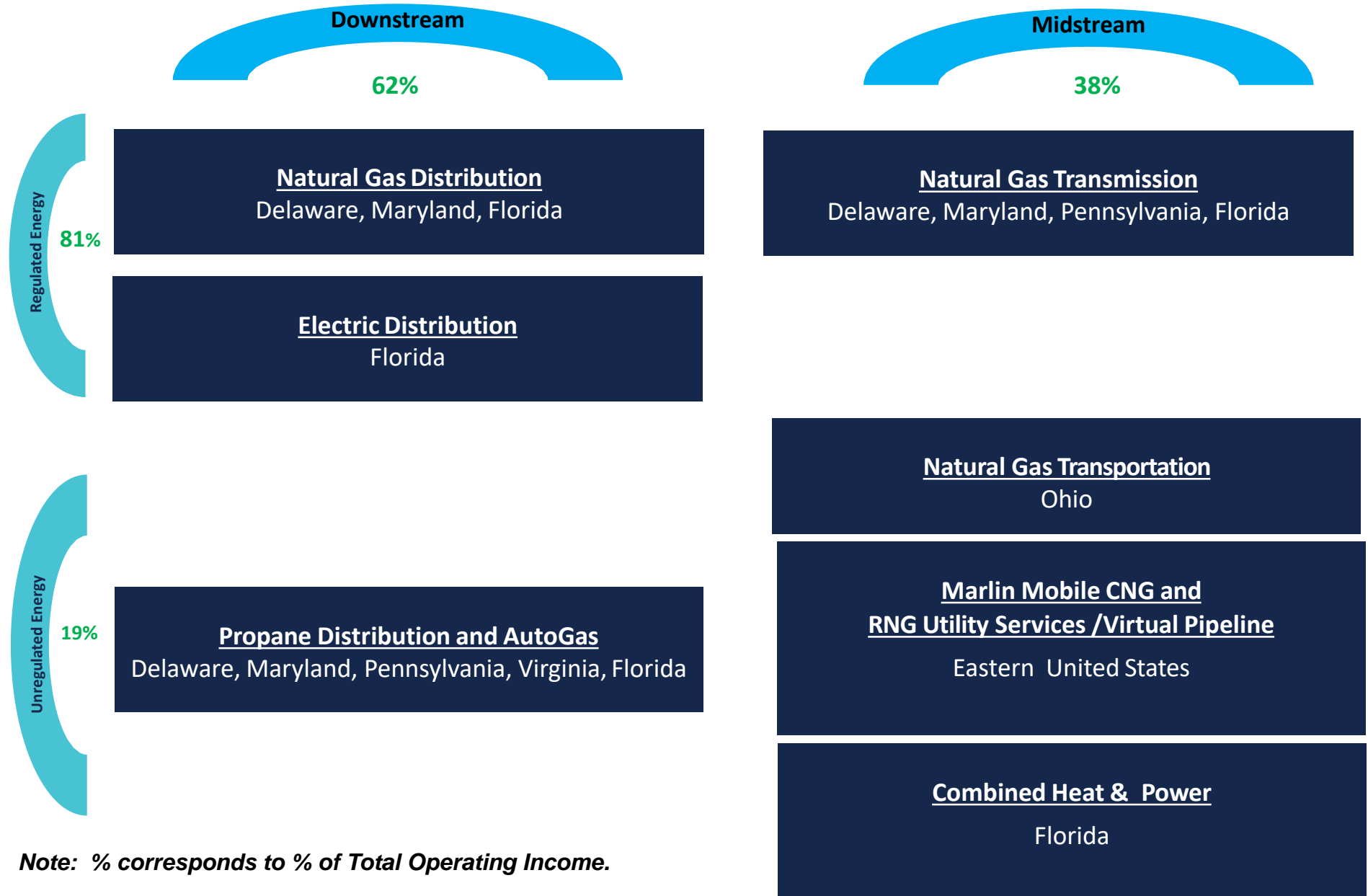
## Diversified Energy Delivery Business



	Operating Income from Continuing Operations				
	For the Year Ended December 31,				
(in thousands)	2019	2018	2017	2016	2015
Regulated Energy	\$ 86,584	\$ 79,215	\$ 74,584	\$ 71,515	\$ 62,137
Unregulated Energy	19,939	17,124	14,941	11,732	14,244
Other businesses and eliminations	(236)	(1,496)	205	402	418
Total Operating Income from Continuing Operations	\$ 106,287	\$ 94,843	\$ 89,730	\$ 83,649	\$ 76,799

# Business Profile

## Diversified Energy Delivery Business



*Note: % corresponds to % of Total Operating Income.*

## Successful Track Record, Positive Future Outlook

### Long-term Track Record

Significant capital investment over the last 10+ years.  
Top quartile growth in earnings, dividends and total shareholder returns.  
Doubled our market capitalization twice in the last 10 years.  
First quarter performance was strong, including announcement of dividend increase of 8.6%  
Long-term earnings and capital guidance re-affirmed.

### COVID-19 Impact

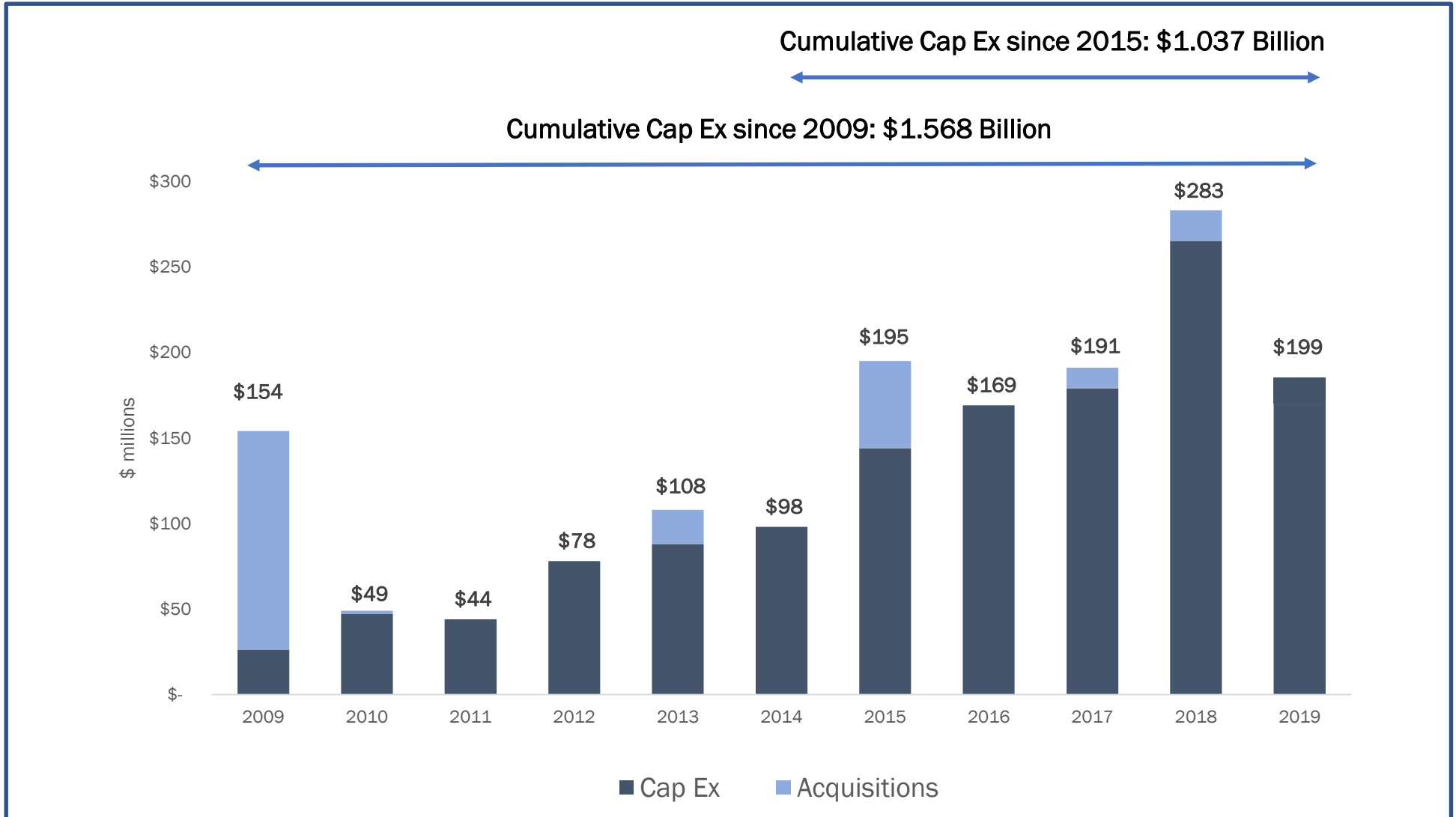
Safety continues to be top of mind and guiding our planning and execution.  
Planned, thoughtful approach to monitor and isolate the few confirmed employee / family member cases to date.  
Anticipate continuing (i) strong PPE measures for field personnel and (ii) teleworking for administrative personnel.  
Growth projects still being executed. Growth strategy still in tact.  
Positive and negative financial impacts but navigating through successfully.

### Accelerates Our Transformation, Better Positions Us for Future Growth

Operational improvements were well underway.  
Collaboration across the business units to enhance our operating efficiencies was part of our culture.  
COVID-19 is accelerating these efforts and team is fully engaged on transforming how we operate.  
We will emerge stronger and more focused on the things that really matter: safety, an engaged work force and doing our part to grow our energy delivery businesses in support of a sustainable, clean energy future.

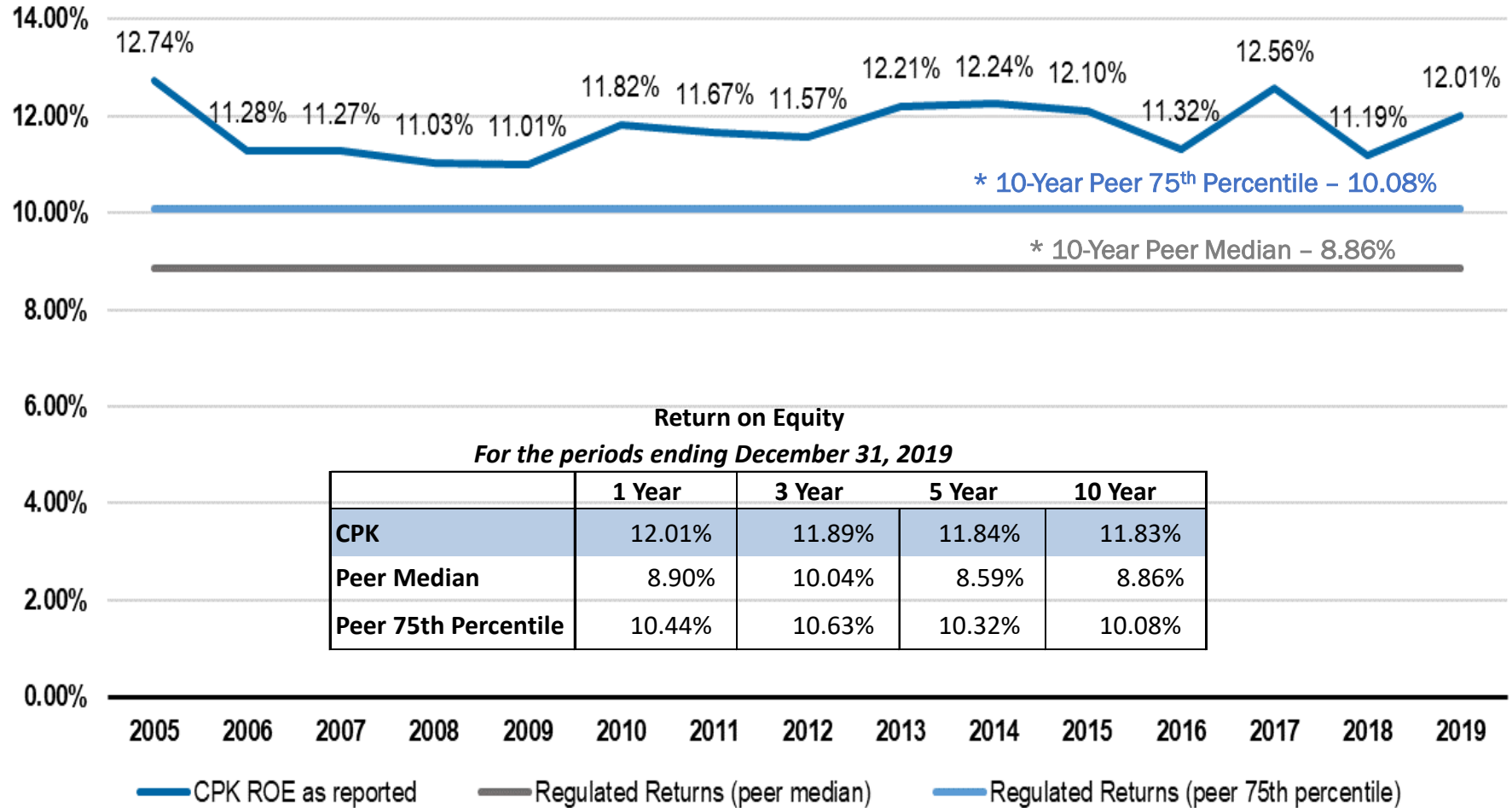
## Organic Growth Opportunities Supplemented with Targeted Acquisitions

Historical Cap Ex & Acquisitions  
In Millions



# Solid Track Record of Higher Return on Equity (ROE) Consistently Exceeding the Peer Median and 75<sup>th</sup> Percentile

## ROE



### Return on Equity

For the periods ending December 31, 2019

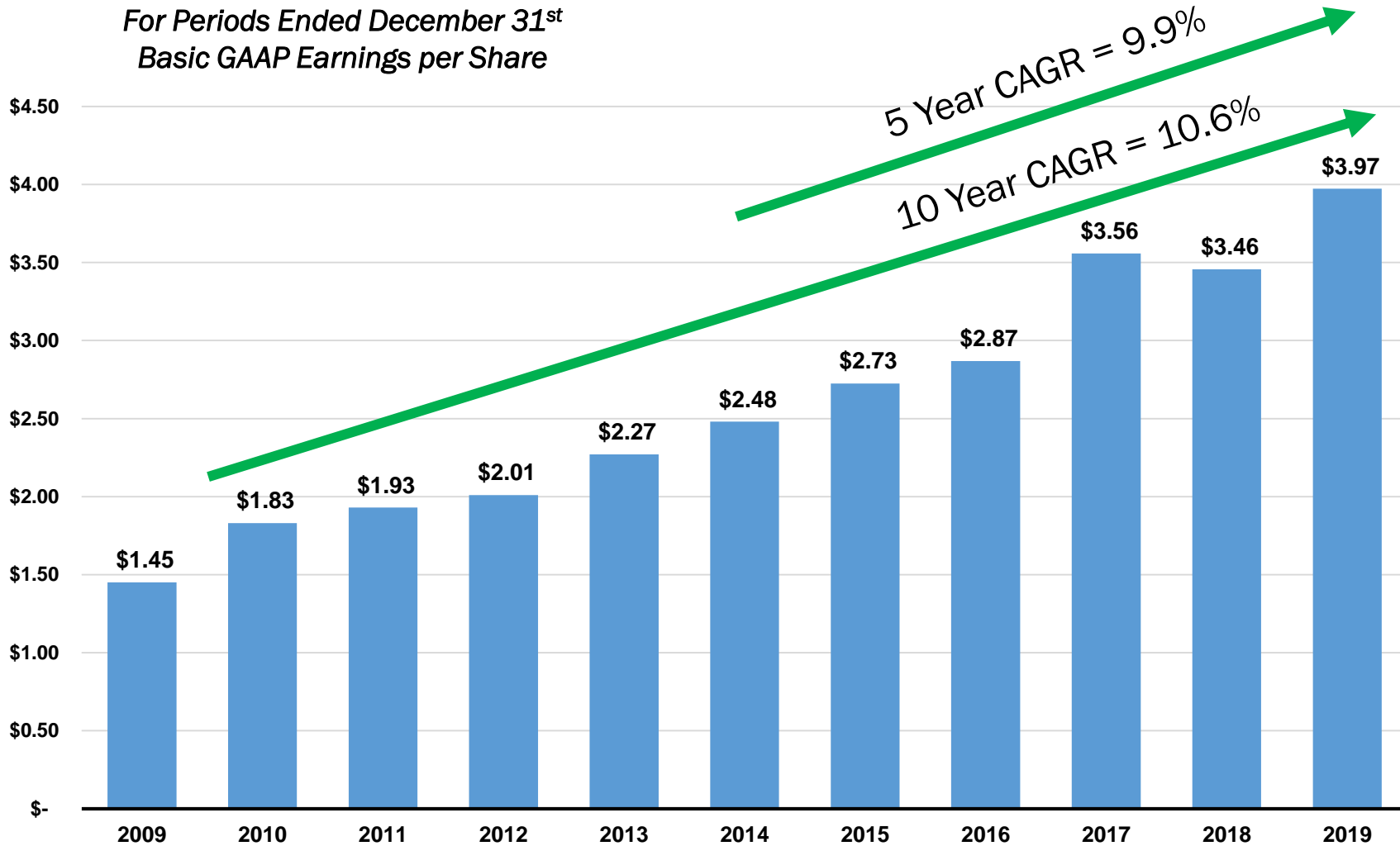
	1 Year	3 Year	5 Year	10 Year
CPK	12.01%	11.89%	11.84%	11.83%
Peer Median	8.90%	10.04%	8.59%	8.86%
Peer 75th Percentile	10.44%	10.63%	10.32%	10.08%

\* Normal Comparative Peer Group

# Growth in Earnings per Share

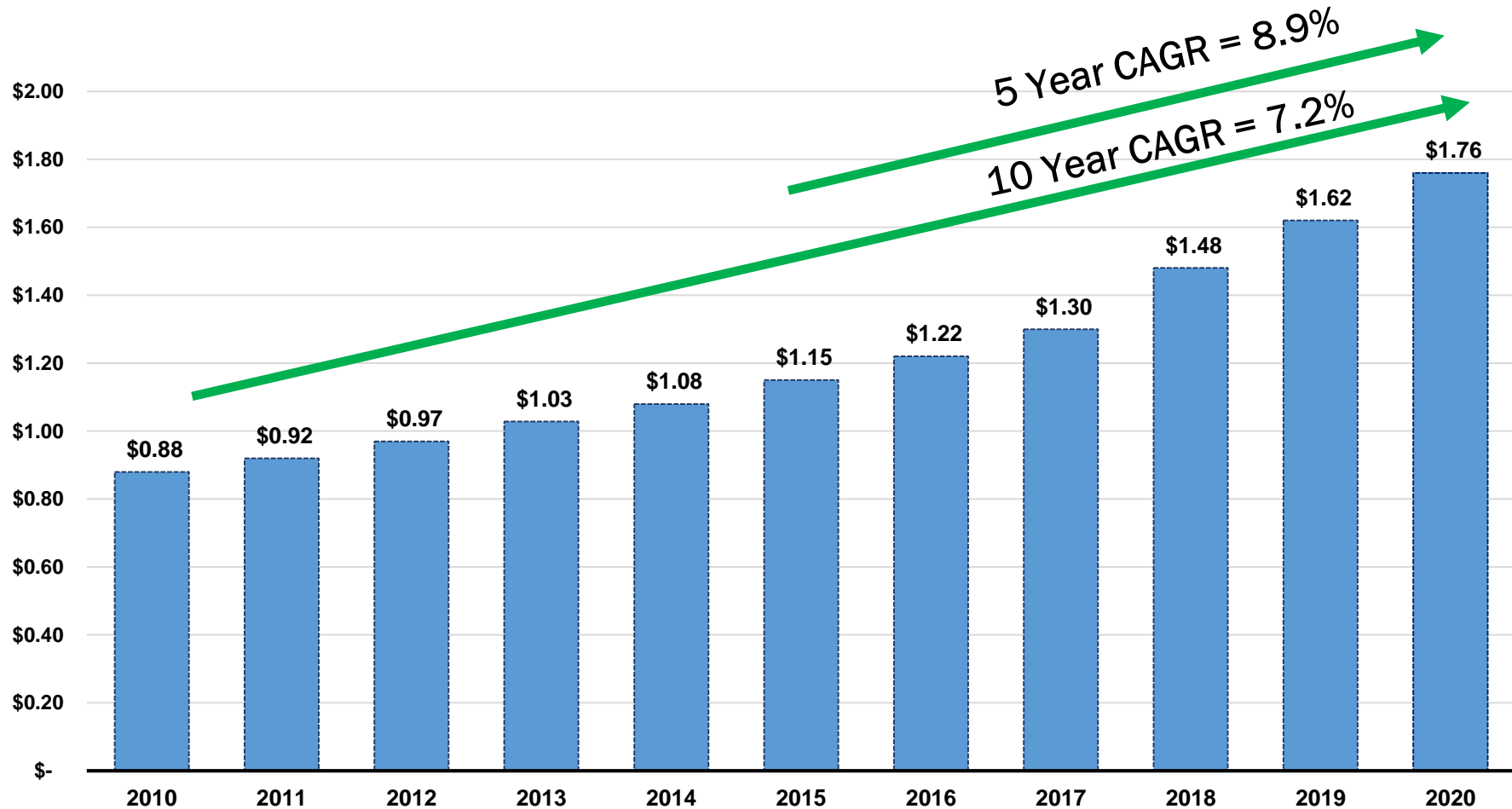
## 13 Years of Record Earnings

For Periods Ended December 31<sup>st</sup>  
Basic GAAP Earnings per Share





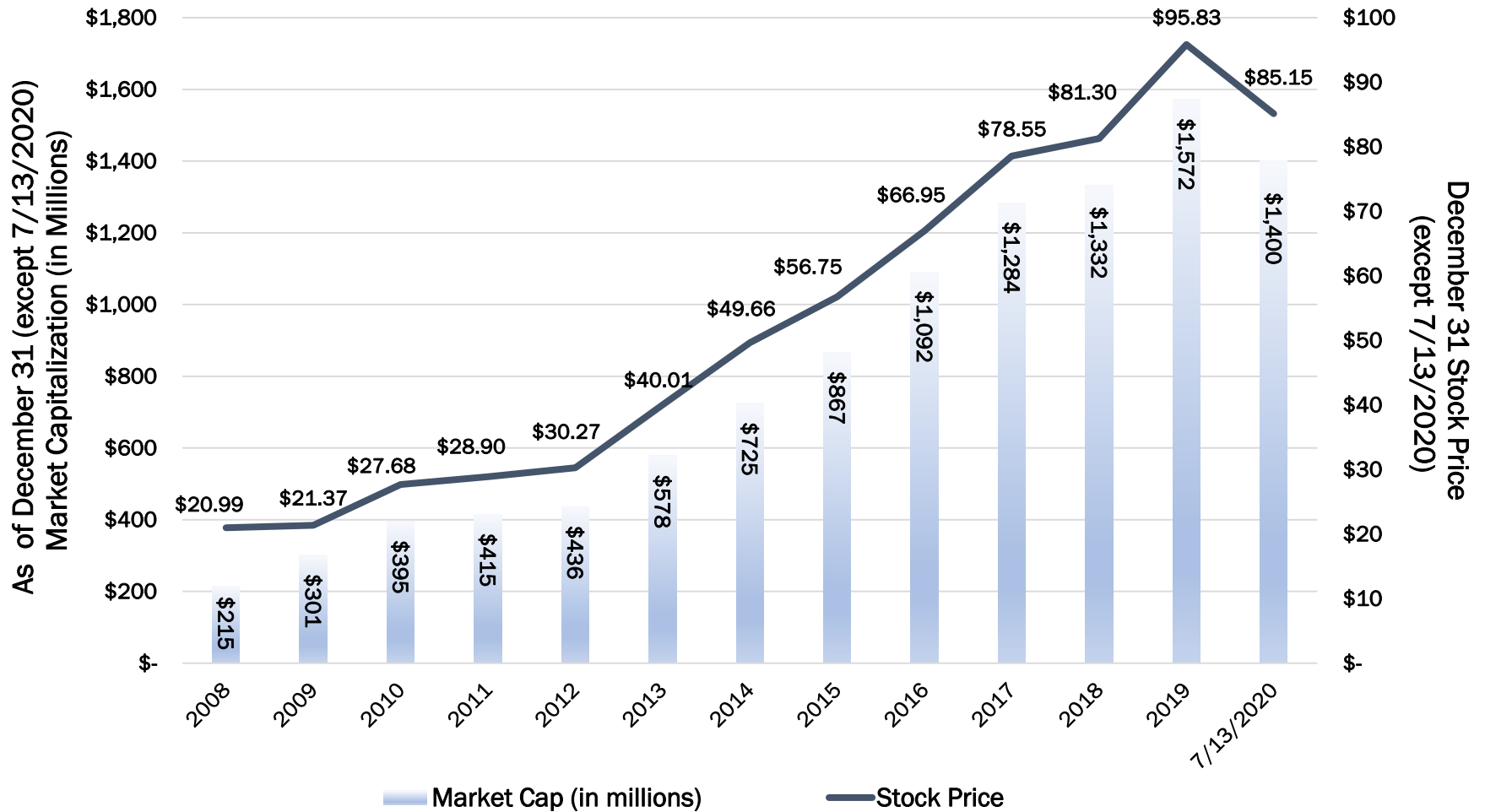
# Strong Track Record of Dividend Growth Driven by Earnings Growth



*On May 7, 2020, the Board of Directors increased the annualized dividend to \$1.76 per share, an increase of 8.6%. The \$0.14 per share increase aligns our five year EPS growth rate of 9.9% with our five year dividend growth rate of 8.9%. The latest increase represents the 17th consecutive year of dividend growth, and will result in Chesapeake having doubled its dividend over the last ten years.*

# Market Capitalization

## Increased Performance is Driving Increased Value



# Key Business Factors: COVID-19 Impact

## Margin

- In March, lower margin of \$400,000 was offset by lower costs of \$400,000
- In April, lower C&I load has been partially offset with higher residential load driven by colder weather in April

## Expenses

- Employee/labor costs: COVID-19 related employee absences have not impacted operations; Paying premium (1.25x) for employees still reporting into offices and in the field to provide essential services
- Bad debt expense: Continuing to monitor impact and will seek to manage through regulatory mechanisms, customer programs, the Sharing Program, and insurance
- Reduce level of employee travel and offsite conferences for 2020
- Lower interest rates on short-term borrowing can partially offset pressures on C&I margin and essential employees' pay premium

## Supply Chain

- No disruptions experienced to date or expected in the future

## Pension Plan

- CPK is not delaying its required pension funding for either the CPK or FPU's pension plan until 2021 as allowed under the CARES Act
- CPK has begun de-risking its pension plan and accordingly has moved the portfolio to more of a fixed income line-up

## Capital Expenditures

- Work is progressing on growth expansion projects with no meaningful impacts or delays experienced to date or expected
- No proposed change to our 2020 capital expenditure forecast of \$185-\$215 million.

## Liquidity

- Over \$100 million of liquidity available under existing bilateral lines of credit (\$220 million) and revolving credit facility (\$150 million); \$90 million new long-term debt July/August 2020
- Secured additional \$95 million of short-term debt capacity
- \$310 million Long-term Debt Shelf Facilities in place.

## Maryland PSC

*(Maryland Division and Sandpiper Energy)*

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- On April 9, 2020, the Maryland PSC issued Order 89542 authorizing the establishment of a regulatory asset for COVID-19 related incremental costs.
- Costs incurred beginning on March 16, 2020 may be recorded in the regulatory asset for recovery in future proceedings.

## Delaware PSC

*(Delaware Division)*

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- Chesapeake met with the Delaware PSC and other DE Utilities on April 20, 2020 to begin work on a draft order authorizing establishment of a regulatory asset for COVID-19 related expenses, similar to the actions in Maryland
- The DE PSC issued an order on May 13, 2020 that authorizes the establishment of a regulatory asset for COVID-19 related incremental costs.

## Florida PSC

*(Central Florida Gas Division, FPU Natural Gas, FPU Electric, FPU NG – Indiantown division, FPU NG – Ft. Meade division)*

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- Our Florida Business Units are having discussions with the PSC related to COVID-19 expenses and busies impacts.

## FERC

*(Eastern Shore Natural Gas)*

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- Given the impact to date, no filing has been proposed at this filing.

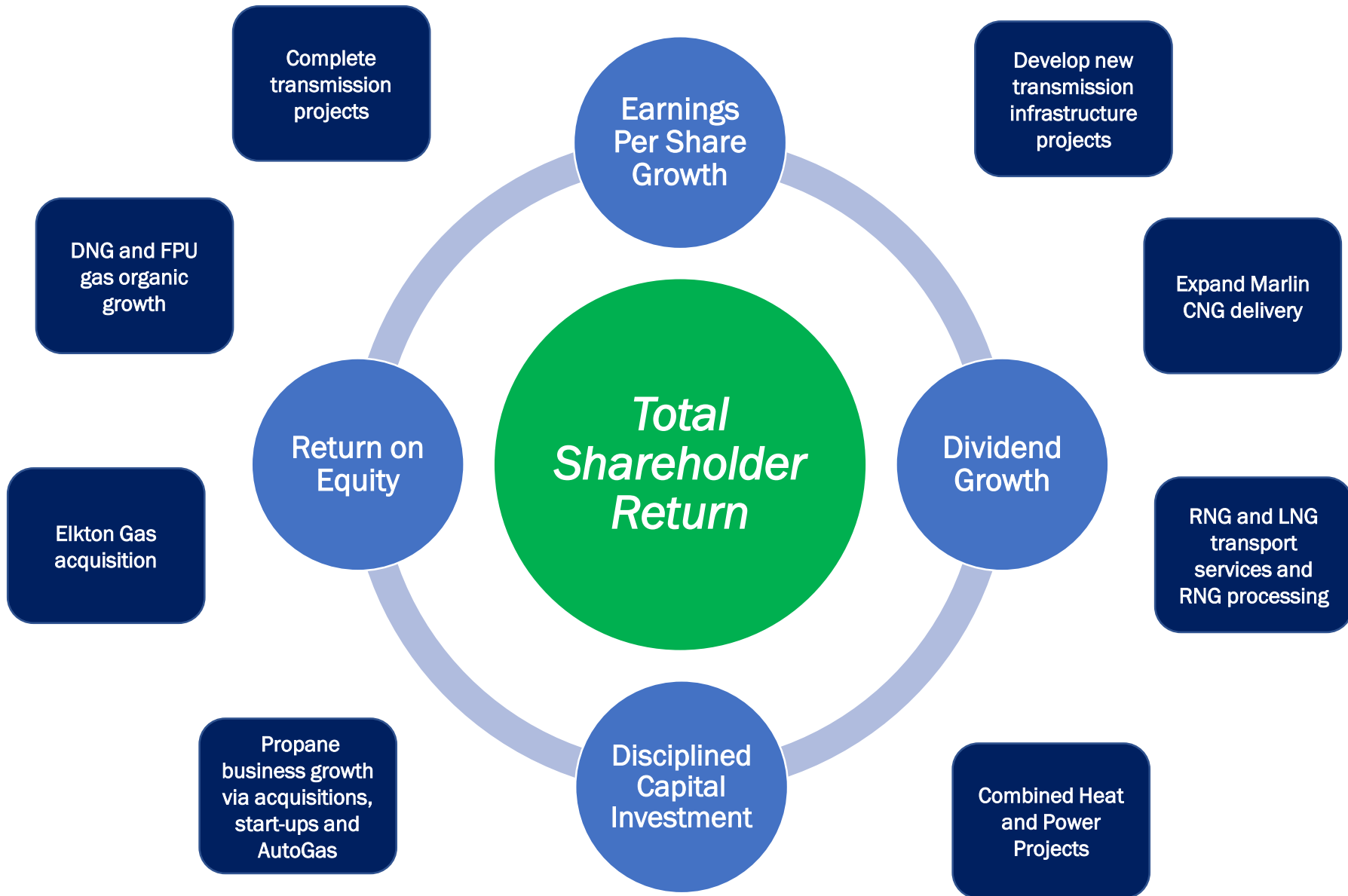
# Driving Our Actions

## Focus on Shareholder Value and Growth

- High standards of safety and operational performance
- Optimize growth opportunities within rate, customer demand and market constraints
- Maintain a regulated/ unregulated business mix designed to produce better than utility returns and an acceptable level of risk
- New regulated and unregulated growth through greenfield projects, acquisitions and partnerships
- Focus on business units, services and products that align with our core business strengths
- Achieve Peer Group upper quartile performance in annual EPS, ROE, Dividend Growth and Total Shareholder Return
- Continue to evolve Chesapeake's organization structure, employee resources and development, operating practices and technology platforms to keep pace with the Strategic Growth Plan
- Sustain our successful culture, our special sauce, including our positive relationships with employees, customers, communities we serve, regulatory bodies and investors

# Looking Forward

## 2020 – 2022 Strategic Growth Initiatives



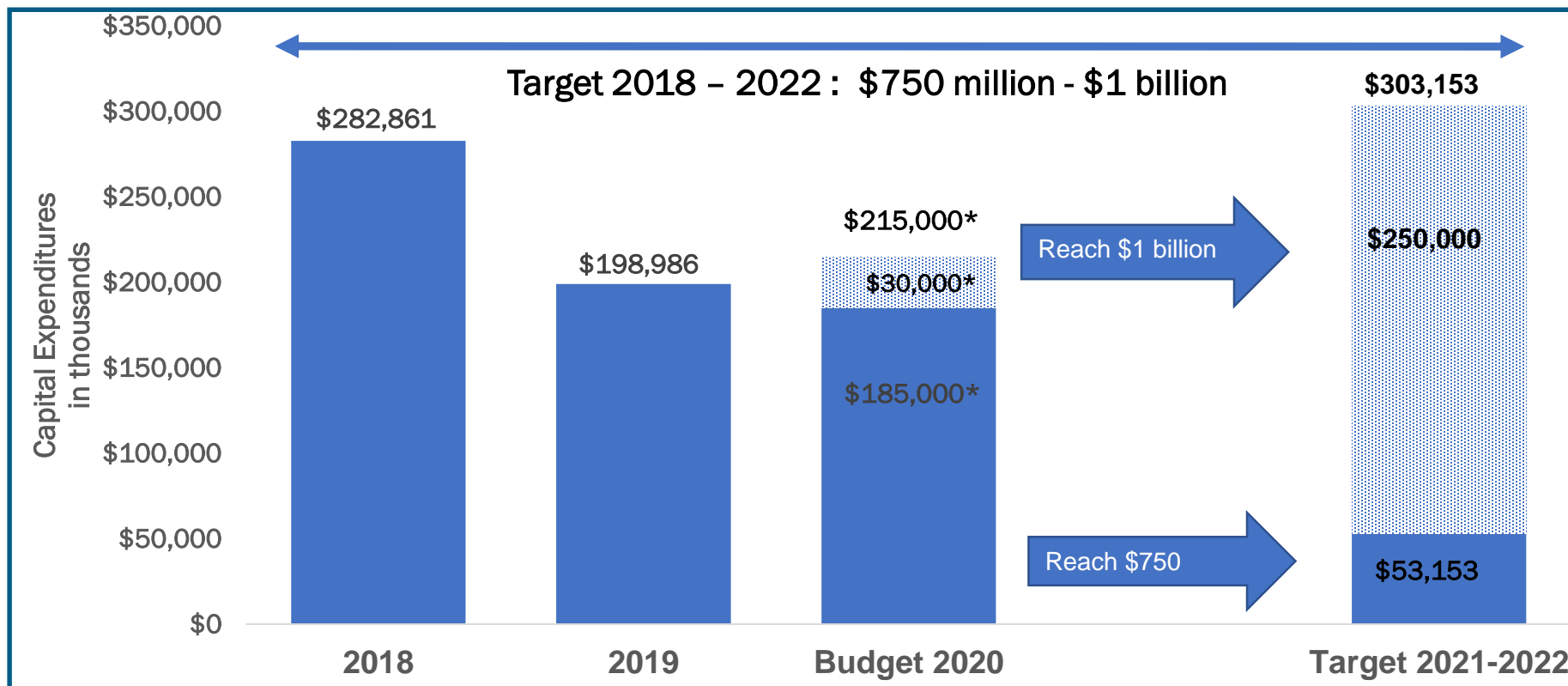
# Near-term Focus

## Aligned with Our Strategic Growth Initiatives

- DNG and FPU expansion plans will enable us to continue to grow customers at greater than the national average
- Further penetration of natural gas distribution in Cecil County, Maryland through Elkton Gas acquisition
- Continue to grow the propane business including new start-up territories, AutoGas and acquisitions like Boulden and Ohl
- Complete transmission projects currently underway - Del-Mar Energy Pathway, Callahan Pipeline, West Palm Beach Expansion
- Develop transmission pipeline projects similar to the Northwest Florida Pipeline and the Guernsey Power Plant Pipeline in Ohio
- Expand Marlin CNG delivery footprint across the Southeast and Mid-Atlantic
- Develop RNG and LNG transport services and RNG processing opportunities
- Identify, develop and execute aspirational growth projects consistent with our core energy delivery competencies including strategic acquisitions
- Seek natural gas Combined Heat and Power Projects similar to Eight Flags

# Capital Investment Guidance

## Continued Record Investment in Our Business to Drive Growth



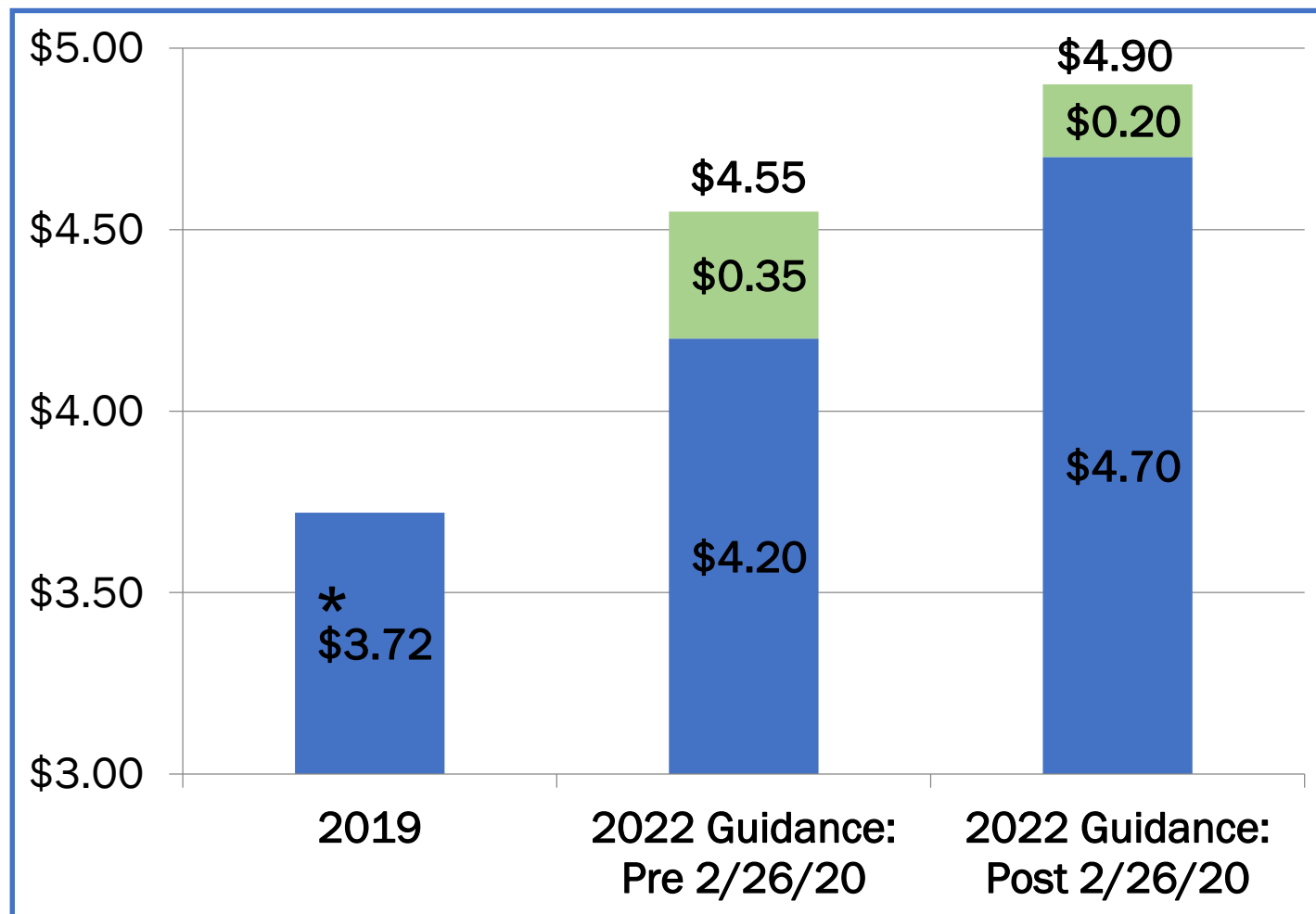
\*We will continue to update this forecast as we move through the year, including any capital deployment delays resulting from COVID-19.

**Management reaffirms its five year capital expenditure guidance of \$750 million to \$1 billion. From January 1, 2018-March 31, 2020, of the five-year forecasted period through 2022, the Company has invested \$523 million on new capital expenditures.**



# Reaffirm Current Earnings Guidance

## 2022 EPS Target Range of \$4.70 - \$4.90

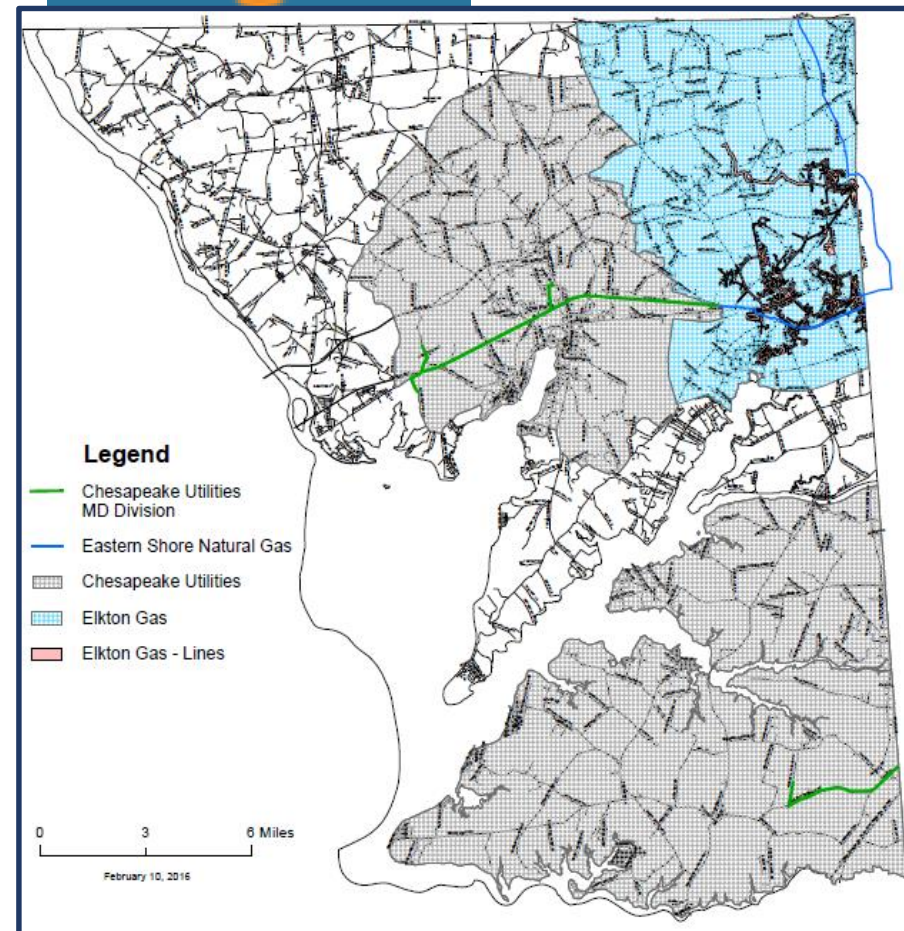


*On February 26, 2020, we updated our EPS guidance based on our current strategic plan planned investments and growth prospects.*

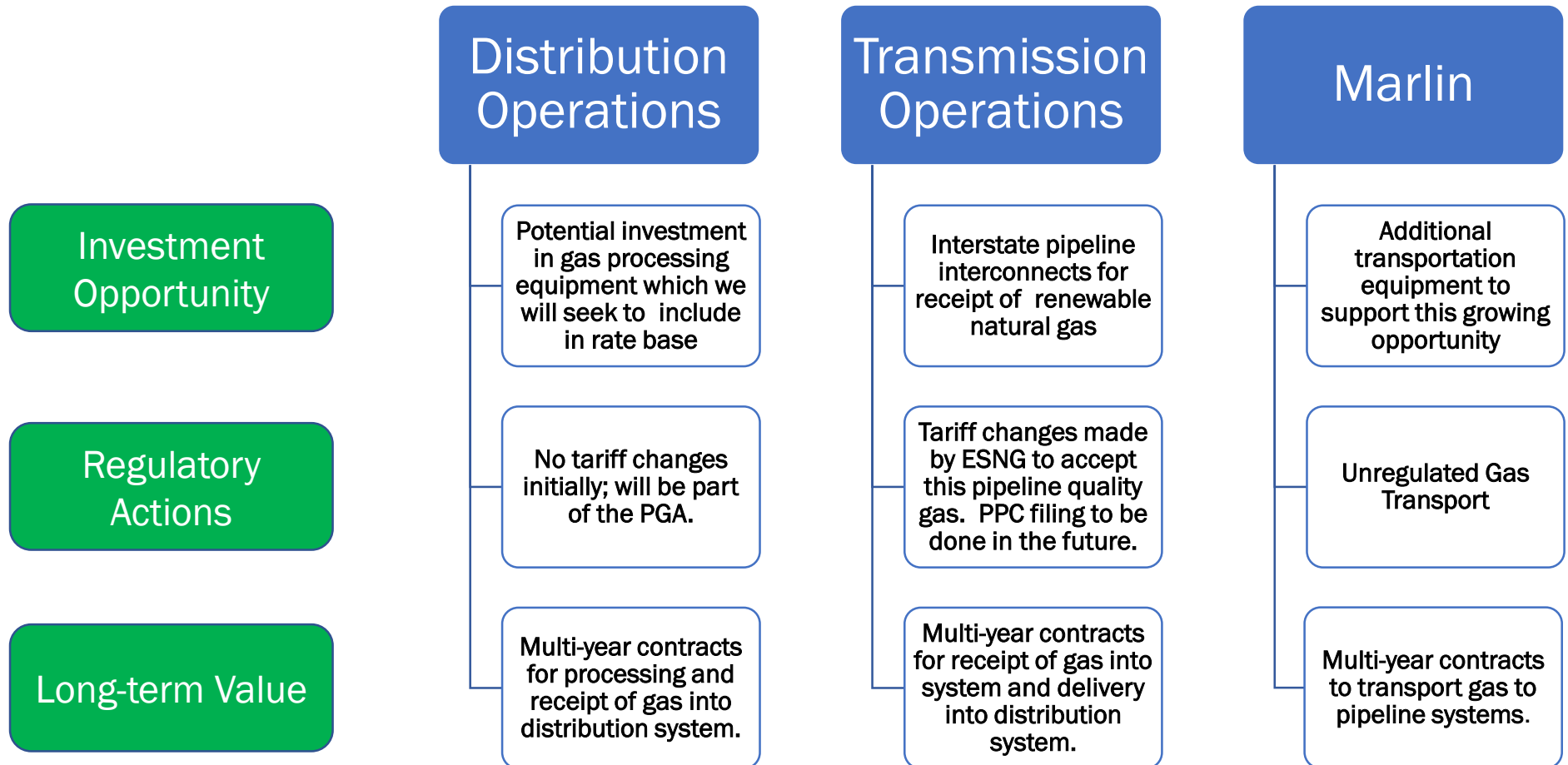
*We are continuing to monitor the COVID-19 impacts and will provide updates, as necessary, to our EPS target range.*

*\* 2019 EPS \$3.72 from Continuing Operations*

- Elkton Gas gives CPK an operational platform in Cecil County including personnel, a contractor pool and an operations center which will enable Chesapeake to more quickly expand our footprint in Cecil County
- Additional growth is expected in the area, due to its proximity to I-95 and the potential for a new interchange which is expected to spur additional commercial and industrial development
- A new 623 acre mixed use development has been proposed that would potentially add 4,289,000 sq. ft. of industrial/warehouse space, 257,600 sq. ft. of commercial/retail space and 1,205 homes
- Access to I-95 also provides potential opportunities for Marlin to expand its CNG and LNG business
- The acquisition will provide access to additional upstream capacity resources
- Maryland PSC approved acquisition 6/20/2020

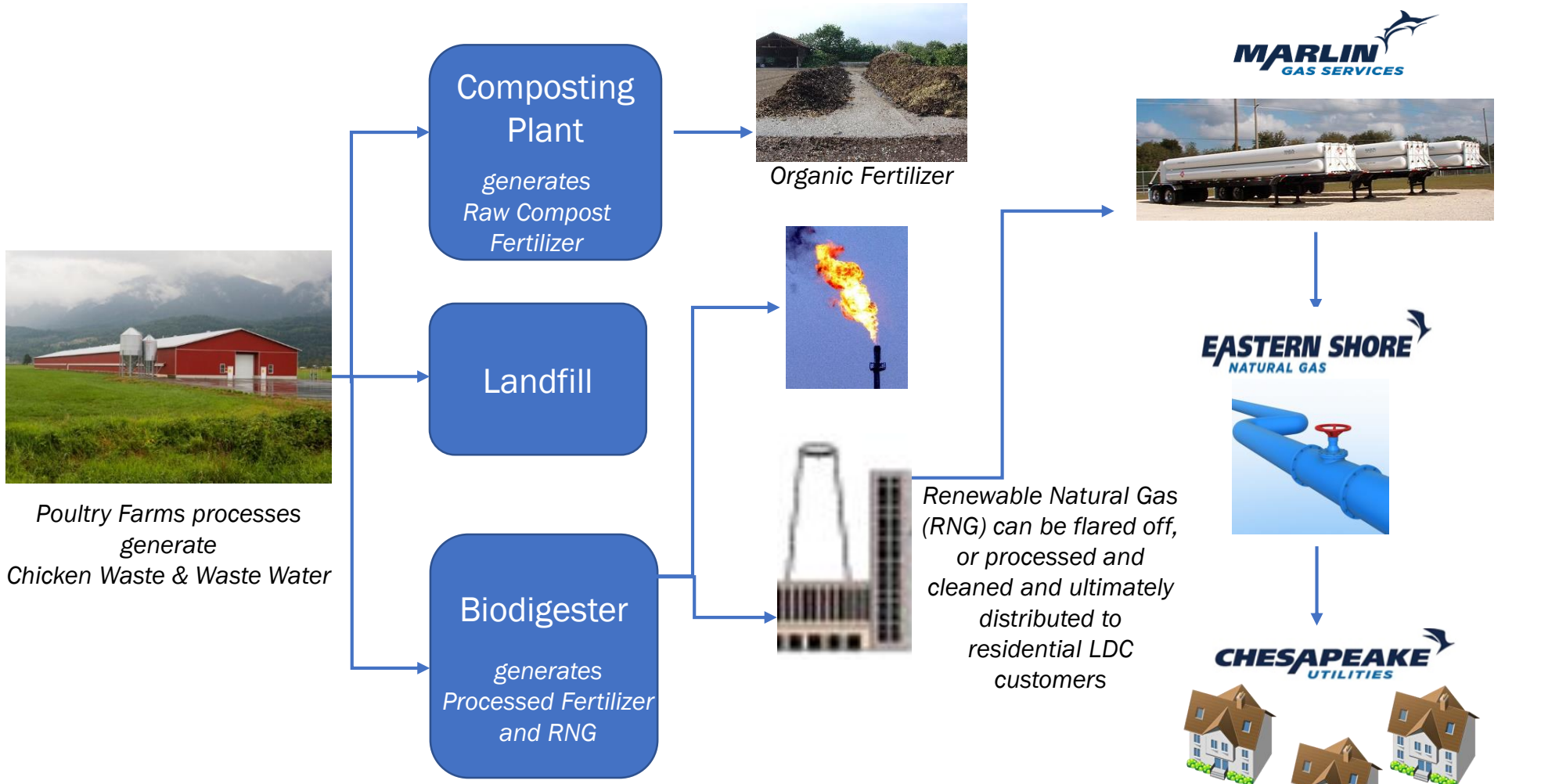


# CPK's Renewable Natural Gas Proposition Presents Multiple Investment Opportunities



*There are numerous profitable investment opportunities across the CPK value chain as we play a key role in ensuring a sustainable future for our local communities.*

# Indicative RNG Scenario on the Delmarva Peninsula Across the CPK Value Chain



**Economic and Environmental Sustainability**  
 For DelMarVa Poultry Industry and Chesapeake Bay Watershed  
 See CPK Press Releases dated June 18 and July 7, 2020 regarding  
 new partnerships with BioEnergy DevCo and CleanBay Renewables

After processing and cleaning, RNG can be transported by Marlin to Eastern Shore Natural Gas pipelines, and ultimately distributed to Chesapeake LDC residential customers

- **We remain steadfast in our commitment to environmental, social and governance stewardship, even through challenging times.**
- **The key to our success is our strong culture that fully engages all of our team members across the organization.**
- **We are a responsible company that promotes integrity, accountability and reliability, with the safety of those we serve as our highest priority.**
- **Our talented and hard-working team is the drive behind our strategic growth and our commitment to providing safe, reliable, sustainable and efficient energy solutions to customers.**
- **Our corporate governance is the foundation of our processes and our decision-making throughout the Company, beginning with our Board of Directors and extending to every employee.**
- **We continue to cultivate the Chesapeake Utilities' sustainability story.**

# Our Culture of Sustainability

<p>Recognized as a Top Workplace for 8 Consecutive Years</p>	<p>Named 2019 Governance Team of the Year by <i>Corporate Secretary</i> magazine</p>	<p>Upgrade of our interconnect and large measurement facilities</p>	<p>29 American Gas Association Safety Achievement Awards Earned Over the Past 17 Years</p>
<p>\$144 Million invested, since 2012, in Gas Reliability and Infrastructure Project in Florida</p>	<p>Improvements in our damage prevention efforts as part of our more global process improvement initiative</p>	<p>525+ Safety Training and Outreach Events Conducted in the Last 3 Years with First Responders, Firefighters, Students and Local Businesses</p>	<p>13<sup>th</sup> Consecutive Year of Record Earnings in 2019</p>
<p>Energy Conservation Rebates to Residential and Commercial Customers</p>	<p>Over 100 Female Employees Actively Participating in our Women in Energy Program</p>	<p>Opportunities in Renewable Natural Gas and Liquefied Natural Gas</p>	<p>Alternative energy vehicles and fueling stations</p>

# A Responsible Company

At Chesapeake Utilities, we draw upon our legacy of expertise to conduct business with environmental responsibility. We are strongly committed to operating in an ecologically-aware manner while increasing environmental benefits in our communities.

Autogas	CHP	CNG	Solar*	Marlin Gas Services
<b>25%</b> <i>less greenhouse gas emissions</i>	<b>80%</b> <i>efficiency target met at Eight Flags Energy CHP Plant – designed to produce electricity, steam and water with less air pollutants and water usage</i>	<b>30%</b> <i>less greenhouse gas emissions</i>	<b>538</b> <i>kW-dc total installed capacity at three individual sites across three business units</i>	<b>23+</b> <i>years operating without a single safety incident. Marlin Gas Services is a supplier of mobile CNG and pipeline solutions, and maintains a fleet of steel tube CNG trailers, composite CNG trailers, mobile compression equipment and an internally developed patented regulator system which allows for delivery of over 7,000 Dts/d of natural gas.</i>
<b>20%</b> <i>less nitrogen oxide</i>	<b>50%+</b> <i>reduced emissions including greenhouse gases and reduction in fresh water demand</i>	<b>Up to 85%</b> <i>less nitrogen oxide</i>	<b>2,743</b> <i>MMbtu of energy conservation</i>	
<b>Up to 60%</b> <i>less carbon monoxide, less particulate emissions</i>	<b>21</b> <i>megawatts of baseload power producing enough electricity to meet on average 50% of customer demand on Amelia Island in Florida</i>	<b>Up to 40%</b> <i>less carbon dioxide, less particulate emissions</i>	<b>566</b> <i>metric tons of CO<sub>2</sub> reduction</i>	
<b>11</b> <i>million gallons of gasoline and diesel fuel displaced since 2013</i>			<b>800,000+</b> <i>kWh of expected annual production</i>	

\*Chesapeake Utilities installed solar arrays in three of its business locations to reduce its carbon footprint and to minimize the commercial electric utility costs to operate its facilities at Sharp Energy in Georgetown, DE; ESNG’s compressor station in Bridgeville, DE; and Aspire Energy in Orrville, OH.

# Our Investment Proposition

## Commitment to Superior TSR, EPS & Dividend Growth

As of December 31, 2019								
<b>Chesapeake Utilities Corporation</b>								
Period	Total Return (Annualized)		EPS Growth (CAGR)		Dividend Growth (CAGR)		Retention Rate	
	CPK	Peer Median	CPK	Peer Average	CPK	Peer Average	CPK	Peer Average
3 Year	15%	12%	10.3%	7.5%	9.9%	5.8%	60%	40%
5 Year	16%	13%	9.4%	5.7%	8.5%	6.4%	59%	35%
10 Year	19%	15%	11.3%	5.3%	6.8%	5.2%	57%	26%
CPK 2018 - 2022 Target	15%		7.75% to 9.50%		Dividend Growth Supported By Earnings Growth		50% to 55%	

*We seek to identify and develop opportunities to drive our future earnings growth and increase shareholder value.*

### Executing on Our Strategy:

- Increased focus on safety and enhanced operational performance, including operational efficiencies and increased collaboration across our businesses.
- Seek development projects to serve new customers, provide new services and expand into new service areas.
- Pursue expansion projects that serve long-term commercial and industrial customers.
- Investing in propane opportunities to access new markets with significant growth potential.
- Pursue new platforms for growth including CNG, RNG and LNG.
- Maintain our track record of financial discipline while investing in earnings accretive projects to generate superior earnings growth, dividend growth and total shareholder return.



# Thank You!



*Beth Cooper*  
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# Appendix

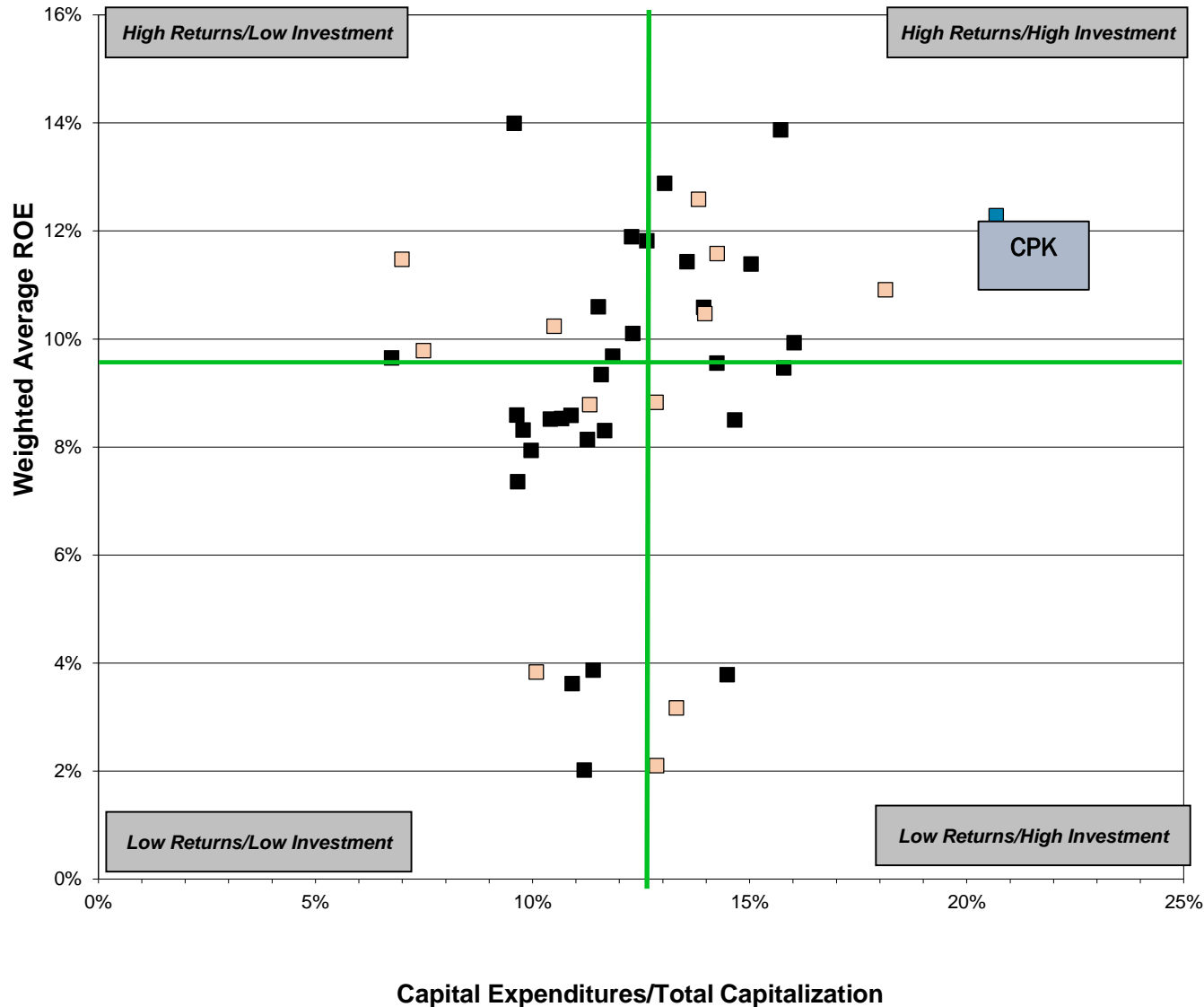
# Business Development Projects

# Driving Growth



# Capital Projects – High Return / High Investment

Peer ROE vs. Capital Expenditures (Three Year Performance - April 2017 – March 2020)



Chesapeake Utilities Three Year Performance vs. Peer Group As of 03/31/20			
	CPK	Med	75 <sup>th</sup>
Cap EX	20.7%	12.9%	13.9%
EPS Growth	13.6%	2.7%	6.8%
ROE	12.3%	9.8%	0.7%
Dividend Growth	9.9%	6.3%	6.7%
TSR	9.3%	4.6%	9.0%

- Chesapeake
- CPK Performance Peer Group
- Electric & Combination Groups

# Capital Expenditures Forecast

## Estimate for 2020

<i>(dollars in thousands)</i>	Forecast for Fiscal 2020	
	Low	High
<b>Regulated Energy:</b>		
Natural gas distribution	\$ 72,000	\$ 83,000
Natural gas transmission	83,000	96,000
Electric distribution	5,000	7,000
Total Regulated Energy	160,000	186,000
<b>Unregulated Energy:</b>		
Propane distribution	10,000	11,000
Energy transmission	6,000	6,000
Other unregulated energy	6,000	8,000
Total Unregulated Energy	22,000	25,000
<b>Other:</b>		
Corporate and other businesses	3,000	4,000
<b>Total 2020 Capital Expenditures</b>	<b>\$ 185,000</b>	<b>\$ 215,000</b>

*The Company's capital expenditures were \$41 million for the three months ended March 31, 2020. We will continue to update this forecast as we move through the year, including any capital delays resulting from COVID-19.*

# Major Projects and Initiatives

## Increasing Shareholder Value by Continuously Seeking and Developing Projects and Initiatives

	Gross Margin for the Period				
	Three Months Ended March 31,		Year Ended December 31,	Estimated for Fiscal	
	2020	2019	2019	2020	2021
<i>in thousands</i>					
<b>Expansions:</b>					
Western Palm Beach County, Florida Expansion - including interim services	\$ 1,000	\$ 131	\$ 2,139	\$ 5,227	\$ 5,227
Del-Mar Energy Pathway - including interim services	189	165	731	2,512	4,100
Auburndale	170	-	283	679	679
Callahan Intrastate Pipeline	-	-	-	3,219	6,400
Guernsey Power Station	-	-	-	-	700
Marlin Gas Services	1,347	2,329	5,410	6,400	7,000
Total Expansions	<u>2,706</u>	<u>2,625</u>	<u>8,563</u>	<u>18,037</u>	<u>24,106</u>
<b>Acquisitions:</b>					
Boulden Acquisition	1,888	-	329	3,800	4,200
Elkton Gas Company	-	-	-	TBD	TBD
Total Acquisitions	<u>1,888</u>	<u>-</u>	<u>329</u>	<u>3,800</u>	<u>4,200</u>
<b>Regulatory Initiatives:</b>					
Florida GRIP	3,695	3,782	13,528	14,858	15,831
Hurricane Michael regulatory proceeding	-	-	-	TBD	TBD
Total Regulatory Initiatives	<u>3,695</u>	<u>3,782</u>	<u>13,528</u>	<u>14,858</u>	<u>15,831</u>
<b>Total</b>	<b>\$ 8,289</b>	<b>\$ 6,407</b>	<b>\$ 22,420</b>	<b>\$ 36,695</b>	<b>\$ 44,137</b>
<b>Change</b>	<b>\$</b>	<b>1,882</b>	<b>\$</b>	<b>14,275</b>	<b>\$ 7,442</b>

We continue to pursue projects that will further enhance our margin growth in 2020 and 2021, and will add to the table as projects are finalized.

We will continue to update our gross margin estimates as we move through the year, including any margin impacts as a result of COVID-19.

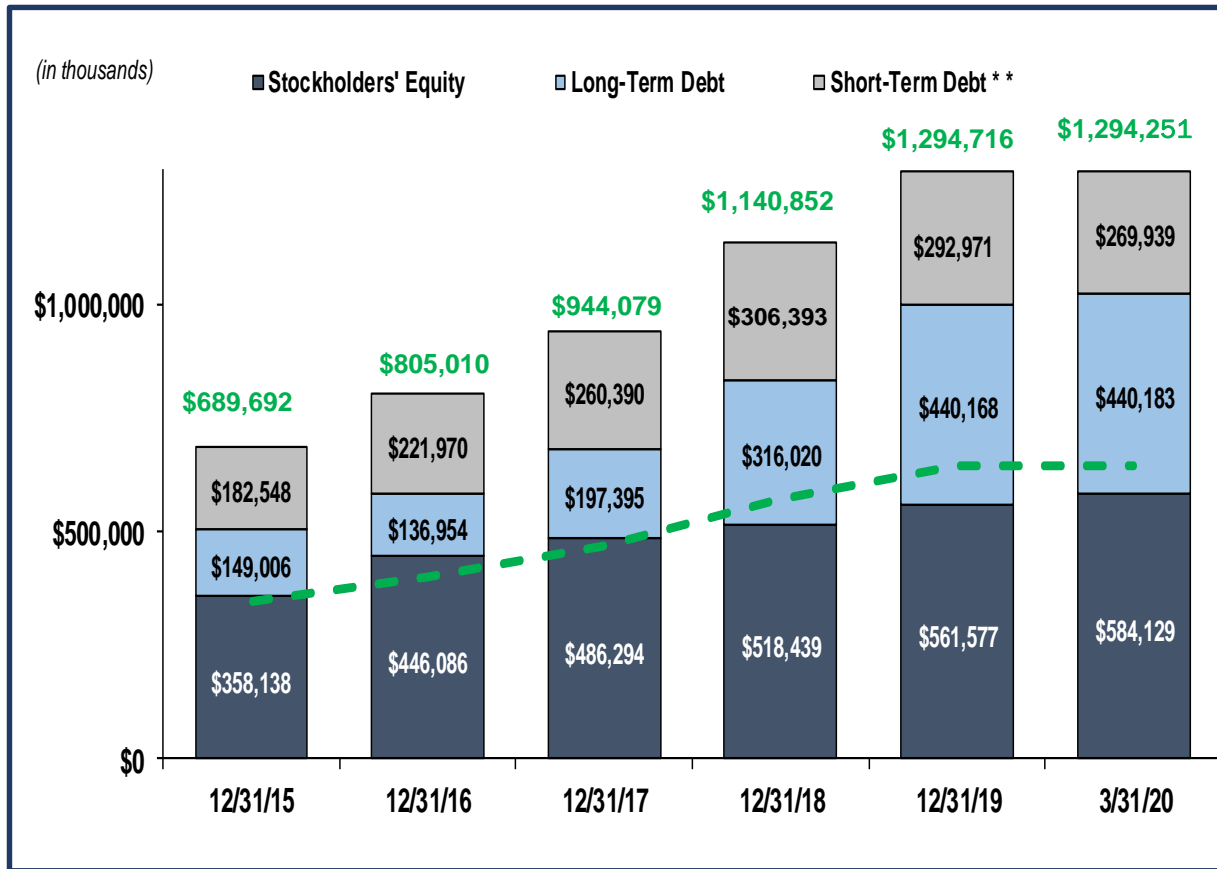
Margin numbers for Elkton Gas acquisition and Hurricane Michael regulatory proceeding will be added once finalized.

### Key 2020 Margin Increase Drivers (Total \$14.3 million increase):

- \$9.5 million from new expansion initiatives
- \$3.5 million from recent acquisitions (Excluding Elkton Gas Company)
- \$1.3 million from regulatory initiatives (Excluding Hurricane Michael Regulatory Proceeding)

As reported as of  
3/31/2020

# Capital Capacity to Support Future Growth



Equity/Permanent Capitalization	70.6%	76.5%	71.1%	62.1%	56.1%	57.9%
Equity/Total Capitalization	51.9%	55.4%	51.5%	45.4%	43.4%	45.1%

**\*\*Short-term Debt Includes Current Portion of Long-Term Debt**  
**Green Line Shows 50% Equity to Total Capital Target**

## Available Financing Capacity

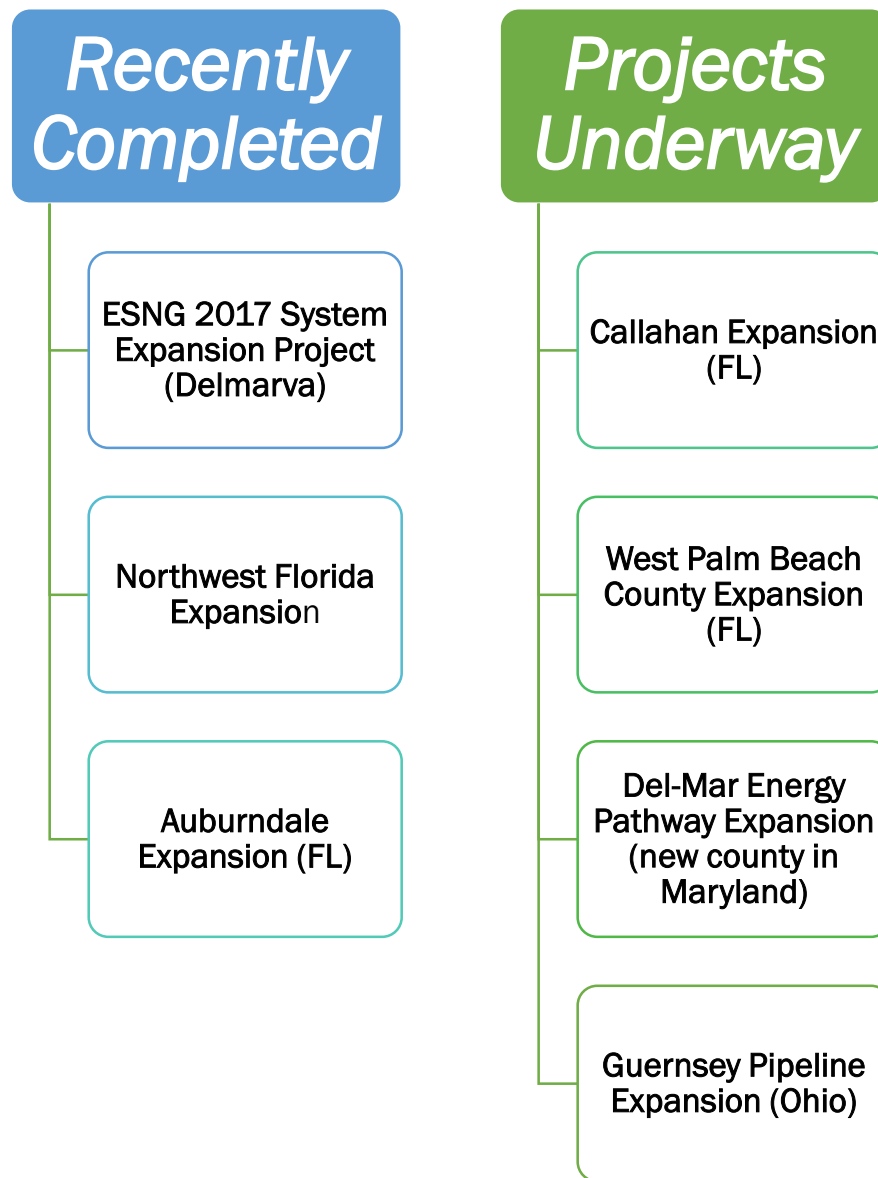
- \$465 million bank lines of credit through October 2020
  - Including \$95 million incremental liquidity for 2020 capital if needed
- \$310 million private placement shelf facilities available for additional financing needs
- \$90 million of committed long-term debt to permanently finance short-term borrowing
  - \$50 million 3.00% to be funded July 2020
  - \$40 million 2.96% to be funded August 2020

*Chesapeake seeks to align permanent financing with the in-service dates of its capital projects*

**Target Equity to Total Capitalization Ratio of 50% or Higher**

# Recent and Current Pipeline Expansions

## Transmission of Natural Gas Services to New Territories

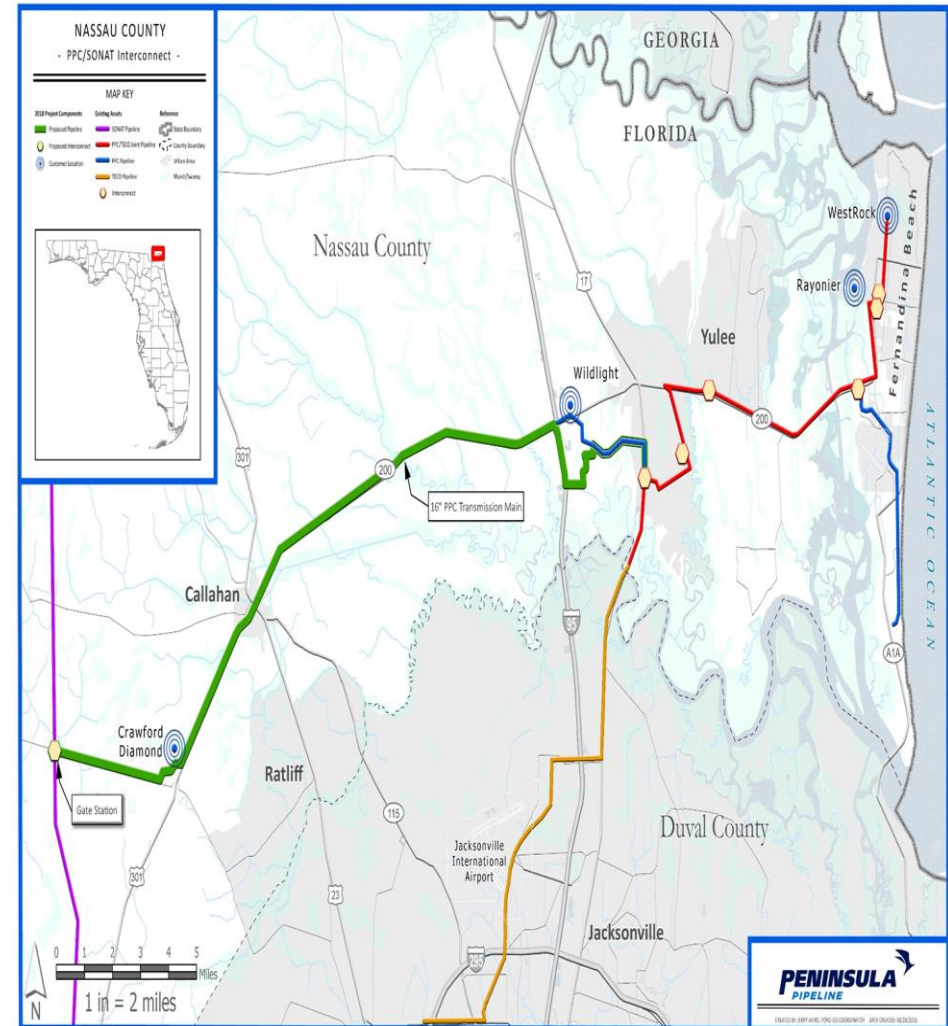


# Callahan Pipeline Nassau County, Florida

Peninsula Pipeline is constructing a jointly owned 26 mile pipeline serving Nassau and Duval counties in Florida; Project will be jointly owned and built with Seacoast Gas Transmission (affiliate of Emera)

- Initial capacity 148,000 DTs/d
- *Total project cost is estimated at \$65 million*
- Estimated CPK Project Cost: \$ 32.5 Million\*
- Estimated In Service Date: Q3 2020
- 24 Miles of pipe completed and project is on schedule
- Estimated Annual Gross Margin:
  - 2020 - \$ 3.2 million
  - 2021 forward - \$ 6.4 million

\* Chesapeake and Seacoast will fund 50% each.



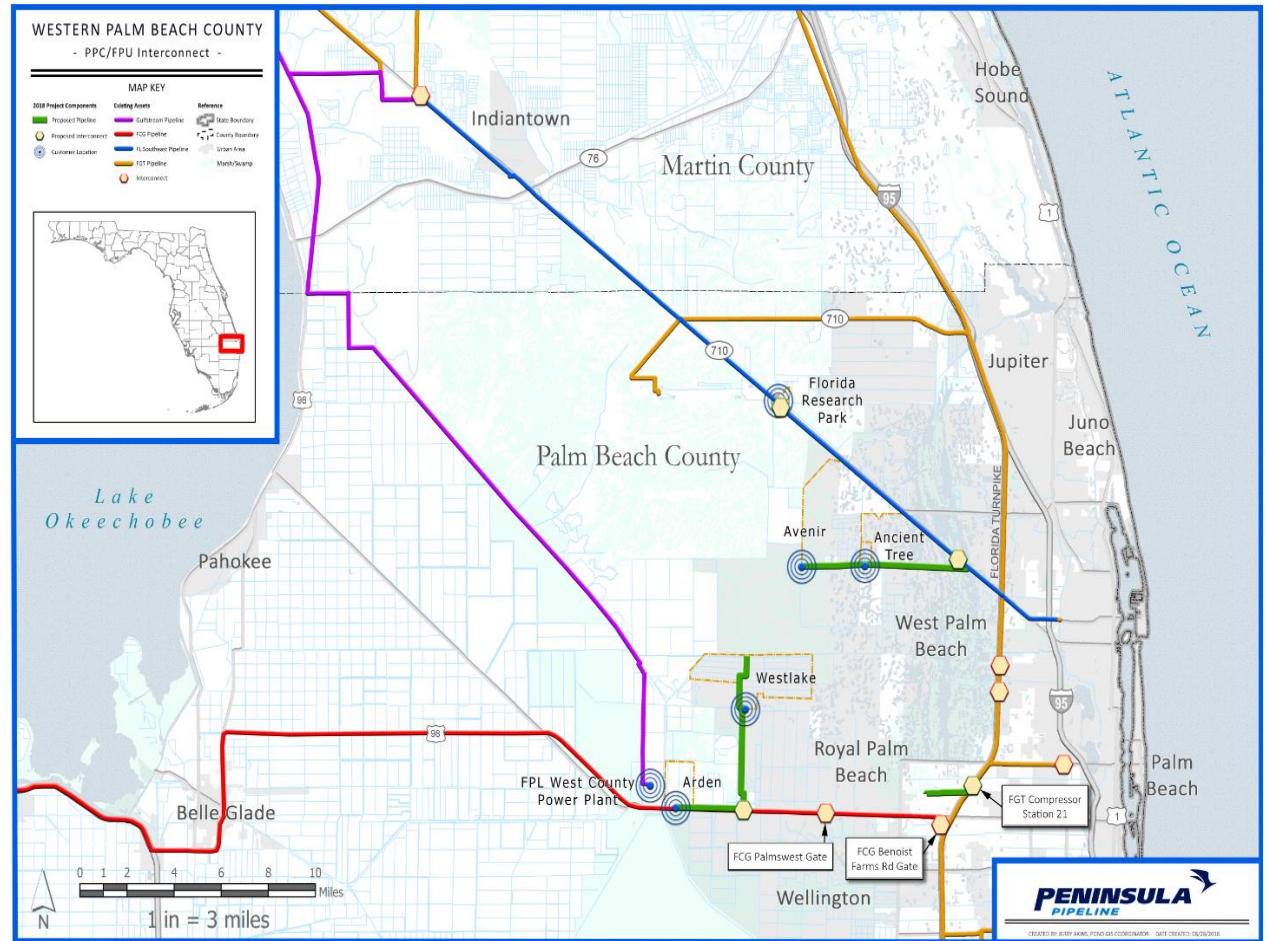


# West Palm Beach County, Florida Expansion

## Enhances Reliability and Provides Additional Customer Growth

- \$33 million capital investment
- \$1.0 million margin in Q1 2020
- \$5.2 million margin in 2020 and beyond
- Fully in-service Q3 2020
- Pipeline construction 80% complete

- Four PPC projects to serve FPU's natural gas distribution systems expansions in Palm Beach County.
- Resolves a pipeline capacity constraint.



# Del-Mar Pathway Project Under Development

## Strategic Growth Initiative

Provides additional natural gas transmission pipeline infrastructure in Eastern Sussex County, Delaware and expands service into Somerset County, Maryland; serves four large anchor customers

- Estimated Project Cost: \$ 37 million
- Construction began in January 2020
- Interim service generated \$0.2 million in Q1 2020
- Estimated Fully-In Service: Q4 2021
- Estimated Annual Gross Margin:
  - 2020 - \$ 2.5 million
  - 2021 - \$ 4.1 million
  - 2022 forward - \$ 5.1 million
- Key Segments of the project:

Woodside Loop (65% Completed)

- In-Service Q2 20

Hollymount M & R Station (75% Completed)

- In Service Q3 20

East Sussex – Permits being obtained

- In-Service Q4 20

Somerset – Permits being obtained

- In Service Q4 21



# Aspire Energy – Natural Gas Pipeline Project

## Guernsey Power Station, Ohio

- In December 2017, Aspire executed a binding precedent agreement with Guernsey Power Station, LLC (GPS) providing for the relocation of an existing 6” steel Aspire pipeline (completed March 2018).
- Aspire received the exclusive rights to provide natural gas transportation services for a ten year (300,000 Dths per day for a proposed 1,650 MW power plant).
- Guernsey Power Station began construction in Q4 2019. Aspire is finishing design and reviewing bids for construction of interconnect facilities between the Tallgrass Energy Partners Rockies Express Pipeline (REX) and GPS.
- GPS is expected to be in service in Q2 2021.

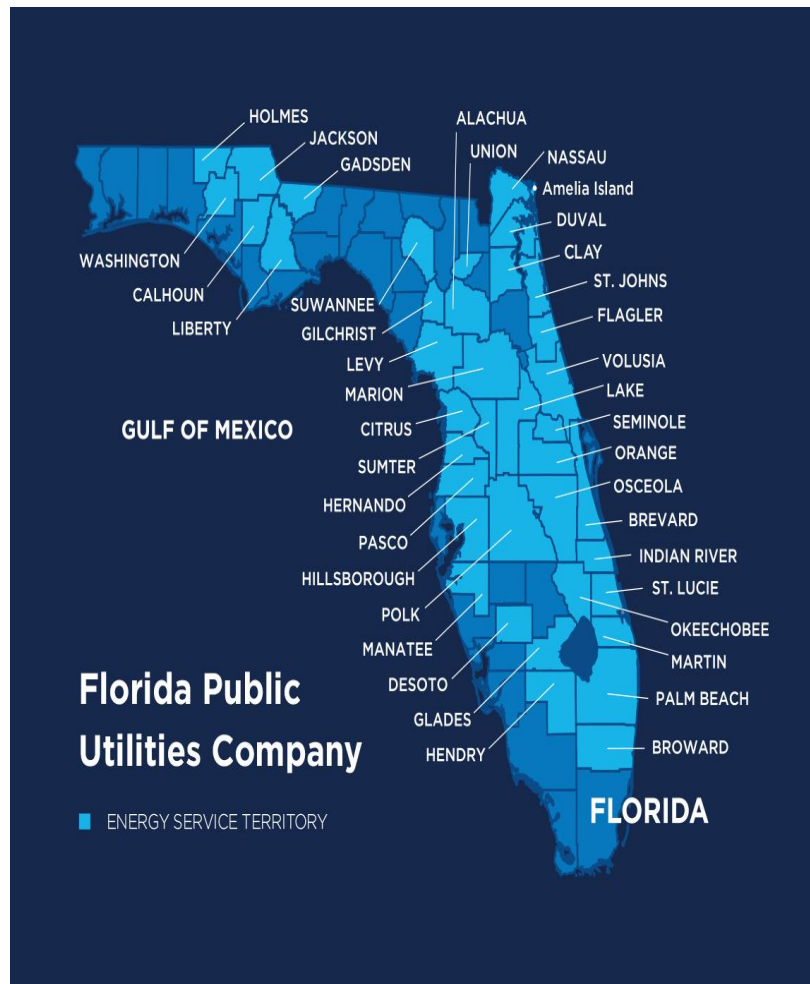


Capital Expenditures	\$5.5 million
2021 Margin	\$0.7 million
Annual Margin 2022 and Beyond	\$1.5 million

# Florida Gas Reliability Infrastructure Program (GRIP)

- Florida GRIP is a natural gas pipe replacement program approved by the Florida PSC that allows automatic recovery, through rates, of costs associated with the replacement of mains and services.
- Since the program's inception in August 2012, the Company has invested \$148.7 million of capital expenditures to replace 303 miles of qualifying distribution main including \$4.8 million of new pipes during the first three months of 2020.

<b>GRIP Margin</b> <i>(in thousands)</i>		
<b>2018</b>	<b>\$</b>	<b>13,020</b>
<b>2019</b>	<b>\$</b>	<b>13,528</b>
<b>2020</b>	<b>\$</b>	<b>14,858</b>
<b>2021</b>	<b>\$</b>	<b>15,831</b>



# Delmarva Natural Gas Distribution Growth

## Converted Sandpiper Customers from Propane to Natural Gas

- Final segment in Ocean City, MD converted to natural gas in April 2020
- Approximately 10,000 customers have been converted (Berlin, West Ocean City, Ocean Pines, and Ocean City)
- Less than 500 accounts remaining to be converted primarily in Pocomoke City and the Town of Snow Hill



## 2020

Turning the valve to disconnect the large propane tanks in Ocean City, MD

## 2017

Announcing that natural gas is available in Ocean City, MD



# Natural Gas Distribution Growth

## Acquisition of Propane Distribution Systems

- The Delaware PSC approved our application in June 2020 for regulatory accounting treatment and valuation methodology for the acquisition of propane Community Gas Systems (CGS) owned by our affiliate, Sharp, and the conversion of the CGS to natural gas service
- CGS are located in larger residential developments whereby gas is distributed from on-site storage through underground pipes and metered delivered to each individual residence
- Specifics of the approved application included:
  - Acquire each CGS one at a time and to pay replacement cost for each CGS system
  - Authorization to pay for and capitalize the CGS residents' behind-the-meter conversion costs



## Propane Business Growth Initiatives

### Residential Community Gas Systems

- Maintain and develop residential builder relationships via dedicated staff to capitalize on new development opportunities and for seamless implementation
- These relationships are translating into new CGS in non-core markets

*Boulden Acquisition  
December 2019*

### AutoGas Fueling Stations

- Strategic partners have been key
- AutoGas technical services team is very capable
- Created a multi-fleet fueling station network to support refueling efficiency for our customers

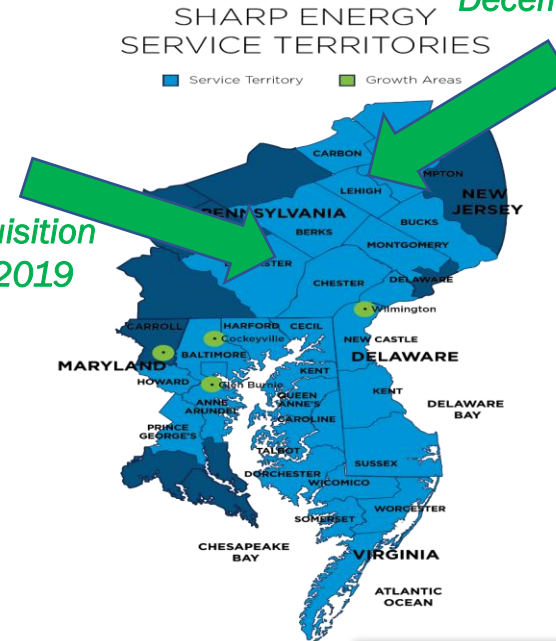
### Poultry Production

- Producers are increasing capacity on the Delmarva Peninsula
- Sharp has superior infrastructure and strong grower relations

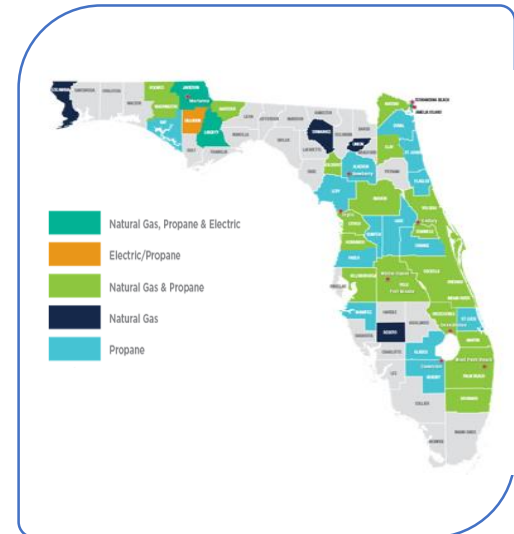
### Start-ups and Acquisitions

- Facilitates geographic expansion beyond existing service territories
- Recent start-up in new Virginia market in 2018
- Ohi and Boulden Acquisitions
- Integrated propane operations to promote greater collaboration and process standardization

*Ohi Acquisition  
December 2018*



### PROPANE FLORIDA



### KEY FACTS

<b>Description</b>	Delivery of propane to residential, commercial, industrial, wholesale and AutoGas customers
<b>Customers</b>	~60,000 (Mid-Atlantic and Florida)
<b>Platforms</b>	Sharp Energy, Sharpgas, FPU, and Flo-gas
<b>Fueling Stations</b>	Network of 48 propane stations; fuels over 1,500 vehicles