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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): September 20, 2018**

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**CHESAPEAKE UTILITIES CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-11590**  
(Commission  
File Number)

**51-0064146**  
(IRS Employer  
Identification No.)

**909 Silver Lake Boulevard, Dover, Delaware 19904**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: (302) 734-6799**

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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**Item 7.01. Regulation FD Disclosure.**

From September 18-20, 2018, Chesapeake Utilities Corporation (the “Company”) hosted its Investor Days on Delmarva. As part of this 3-day event, the Company provided investor presentation material on September 20, 2018 that included certain forward-looking information. A copy of this investor presentation material is attached to this Current Report on Form 8-K (this “Report”) as Exhibit 99.1. The investor presentation material is also available in the “Investor Relations” section of the Company’s website (www.chpk.com).

The information contained in this Item 7.01 and in Exhibit 99.1 attached to this Report is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section. Furthermore, such information shall not be deemed to be incorporated by reference into any registration statement or other document filed to the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits**

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
99.1	<a href="#"><u>Investors Day on Delmarva Presentation</u></a>



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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHESAPEAKE UTILITIES CORPORATION

By: /s/ Beth W. Cooper

Name: Beth W. Cooper

Title: Senior Vice President and Chief Financial Officer

Date: September 20, 2018

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## 2018 Delmarva Investor Days

*Thursday, September 20, 2018*

*Energy Lane - Dover, DE*





# Introduction and Welcome



# Forward Looking Statements and Other Disclosures

**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 Corporation's 2017 Annual Report on Form 10-K filed with the SEC and our other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

**REG G Disclosure:** Today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. 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. Other companies may calculate gross margin in a different manner.

**Adjusted EPS (non-GAAP measure):** Diluted Earnings per share excluding the impact of certain significant non-cash items, including: the timing related to mark-to-market accounting and the impact of non-recurring separation expenses associated with a former executive.



# Investor Day Presentation - Discussion Areas

• <b>Welcome</b>	<b>Beth Cooper</b> , Senior Vice President and CFO
• <b>Strategy and Culture – The Keys to Our Success</b>	<b>Mike McMasters</b> , President and CEO
– <b>Supporting Our Culture and Growth</b>	<b>Beth Cooper</b> , Senior Vice President and Chief Financial Officer <b>Jim Moriarty</b> , Senior Vice President, General Counsel & Secretary (lead) – <b>Lou Anatrella</b> , VP and Chief Human Resources Officer – <b>Vikrant Gadgil</b> , Vice President and Chief Information Officer – <b>Nicole Carter</b> , Assistant Vice President of Customer Care – <b>Beth Cooper</b> , Senior Vice President and Chief Financial Officer
• <b>Our Path Forward</b>	<b>Mark Eisenhower</b> , Vice President of Strategic Planning & Development <b>Jack Lewnard</b> , Vice President of Business Development
• <b>Mid-Atlantic and Midwest Energy Operations</b>	<b>Steve Thompson</b> , Senior Vice President (lead) – <b>Jeff Tietbohl</b> , Vice President Eastern Shore Natural Gas – <b>Aleida Socarras</b> , Vice President – <b>Robert Zola</b> , President, Sharp Energy – <b>Doug Ward</b> , Vice President, Aspire Energy
• <b>Florida Operations</b>	<b>Jeff Householder</b> , President, Florida Public Utilities (lead) – <b>Kevin Webber</b> , Vice President, Florida Public Utilities – <b>Cheryl Martin</b> , Assistant Vice President, Florida Public Utilities
• <b>Regulatory Update</b>	<b>Sheri Richard</b> , Vice President, Rates & Regulatory Affairs <b>Cheryl Martin</b> , Assistant Vice President, Florida Public Utilities
• <b>Energy Marketing</b>	<b>Mark Eisenhower</b> , Vice President of Strategic Planning & Development
• <b>Financial Review and Outlook</b>	<b>Beth Cooper</b> , Senior VP and CFO <b>Tom Mahn</b> , Vice President and Treasurer
• <b>Closing Remarks</b>	<b>Mike McMasters</b> , President and CEO





# Strategy and Culture: the Keys to Our Success





# Welcome and Thank You!

## - Mike McMasters, President and CEO

- Announcement on Monday (9/10) regarding my planned retirement in early 2019.
- I am looking forward to spending time with my family and enjoying my retirement.
- It has been an honor to lead Chesapeake Utilities for the past eight years and a privilege to work with so many dedicated and hardworking colleagues during my thirty-six years with the Company.
- It will be business as usual for the coming months, so you will still hear from me frequently as we move forward into 2019 and thereafter, as I will continue to be a member of our Board of Directors.
- Chesapeake is well positioned for the future given its established culture, successful strategy/strategic planning process, embedded financial discipline and strong team.
- Chesapeake's consistent generation of superior earnings growth and return to shareholders is a testimony to this foundation - culture, strategy/strategic planning process, financial discipline and team.



# Building an Infrastructure for Sustainable Growth

## SENIOR EXECUTIVE OFFICERS



**Michael R. McEasters**  
President & Chief Executive Officer



**Beth W. Cooper**  
Senior Vice President, Chief Financial Officer & Assistant Secretary



**Jeffrey M. Householder**  
President, Florida Public Utilities Company and Peninsula Pipeline Company, Inc.



**James F. Moriarty**  
Senior Vice President, General Counsel & Corporate Secretary



**Stephen C. Thompson**  
Senior Vice President, President and Chief Operating Officer, Eastern Shore Natural Gas Company, Sandpiper Energy, Inc., Aspire Energy, and Sharp Energy, Inc.

## CORPORATE OFFICERS



**Louis J. Anatrella**  
Chief Human Resources Officer



**Nicole T. Carter**  
Assistant Vice President of Customer Care



**Mark L. Eisenhower**  
Vice President of Strategic Planning & Development



**Vikrant A. Gedgil**  
Vice President and Chief Information Officer



**John J. Leonard**  
Vice President of Business Development



**Thomas E. Mahr**  
Vice President and Treasurer



**Sheri D. Richard**  
Vice President, Rate and Regulatory Affairs



**Devin S. Rudloff**  
Assistant Vice President, Human Resources



**Joseph D. Stennett**  
Assistant Vice President, Internal Audit

## BUSINESS UNIT OFFICERS



**Alfred V. Gallo, III**  
Assistant Vice President, Peninsula Energy Services Company



**William D. Hancock**  
Assistant Vice President, Peninsula Energy Services Company



**Andrew R. Hesson**  
Assistant Vice President, Sharp Energy, Inc.



**Cheryl M. Martin**  
Assistant Vice President, Florida Public Utilities Company



**Aleida F. Socarras**  
Vice President, Chesapeake Utilities Corporation



**Jeffrey R. Tietbohl**  
Vice President, Eastern Shore Natural Gas Company



**Douglas M. Ward**  
Vice President, Aspire Energy



**Kevin J. Weisber**  
Vice President, Business Development & Gas Operations, Florida Public Utilities Company



**S. Robert Zola**  
President, Sharp Energy, Inc.

Since 2010, the leadership team has been significantly expanded from 13 to 23 members to manage the demands of growth, position Chesapeake for future growth, and ensure continuity in the direction and culture of the Company. The result is a very talented team that has consistently executed our strategy, nurtured our culture, and produced superior returns to shareholders.





# Strategic Platform for Sustainable Growth



*Our culture of engaged, caring employees has driven our past performance and is the foundation for our future success*



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# Measuring Employee Engagement

Employee engagement is measured by: Loyalty, Motivation and Referral.

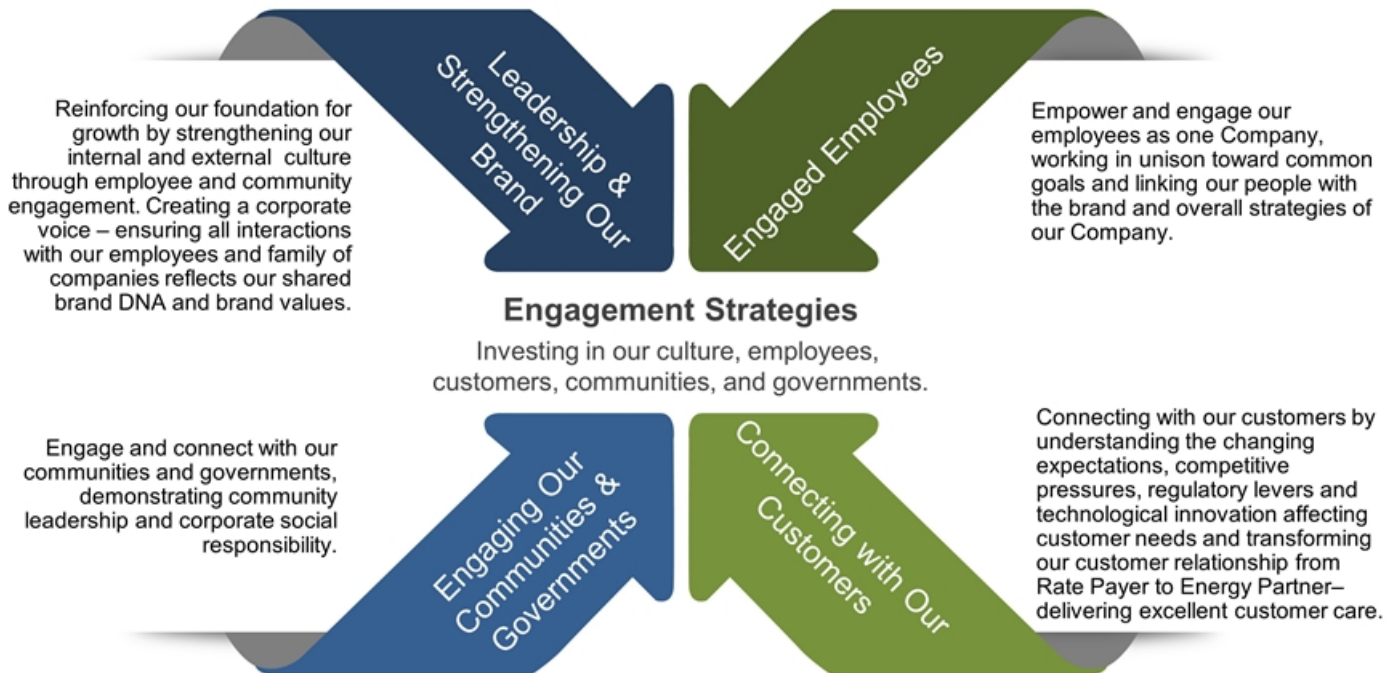
- **Loyalty** – Enjoyment around job and long-term commitment to Chesapeake Utilities Corporation.
- **Motivation** – Motivation to give the very best at work.
- **Referral** – Recommendation to others re: working at Chesapeake Utilities Corporation

## Employees' Description of Our Culture:



# Energized Engagement

Investing in our culture, employees, customers, communities and governments



# Energized Engagement - Awards & Recognition



11 Consecutive Years  
Of Record Earnings



7 years - 2012, 2013, 2014,  
2015, 2016, 2017, 2018



JEFFERSON  
AWARDS  
Outstanding Service  
by a Major Company



10 Safety Achievement  
Awards & 8 Accident  
Prevention Certificates  
2012-2018



Engineering Innovation  
Award & Marketing  
Excellence Award



American Heart  
Association Legacy  
Sponsor



Eight Flags CHP Plant  
CHP Project of the Year



Corporate Donor  
of the Year



Miss Utility of Delaware  
Locator Awards



Governance Professional  
& Governance  
Team of the Year



Best Corporate Governance  
in the North American  
Utilities Sector

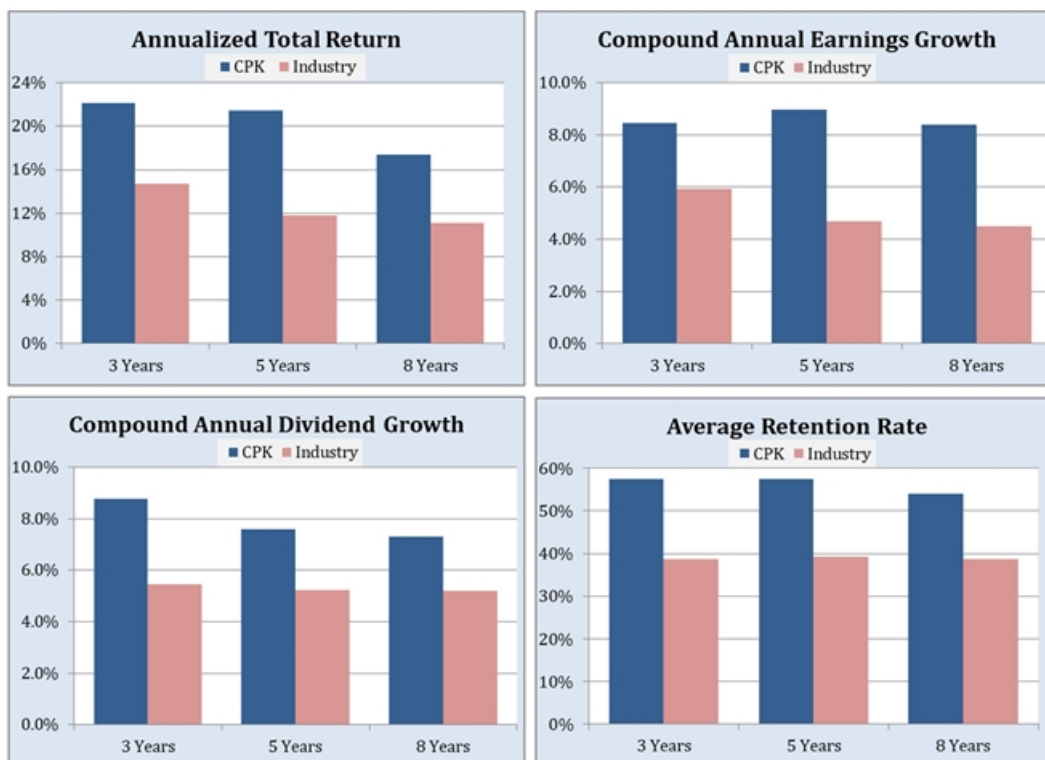


Annual Report  
Competition Awards  
2015, 2016, 2017 & 2018



# Why is Engagement Important?

*Because It Underlies Our Financial Performance from 2011 to 2018*



Total Return is for the periods ended August 31, 2018; all other figures are for the year ended 2017

Source: McManus Financial – Total Returns do not include Reinvested Dividends

Our engaged employees have consistently produced distinctively higher levels of earnings and dividend growth and total return to shareholders. Our culture is different - it has driven our past performance and is the foundation for our future success.





# Chesapeake Utilities Corporation's Strategy

*Our strategy is to consistently produce industry leading total shareholder return by profitably investing capital into opportunities that leverage our skills and expertise in energy distribution and transmission to achieve high levels of service and growth.*

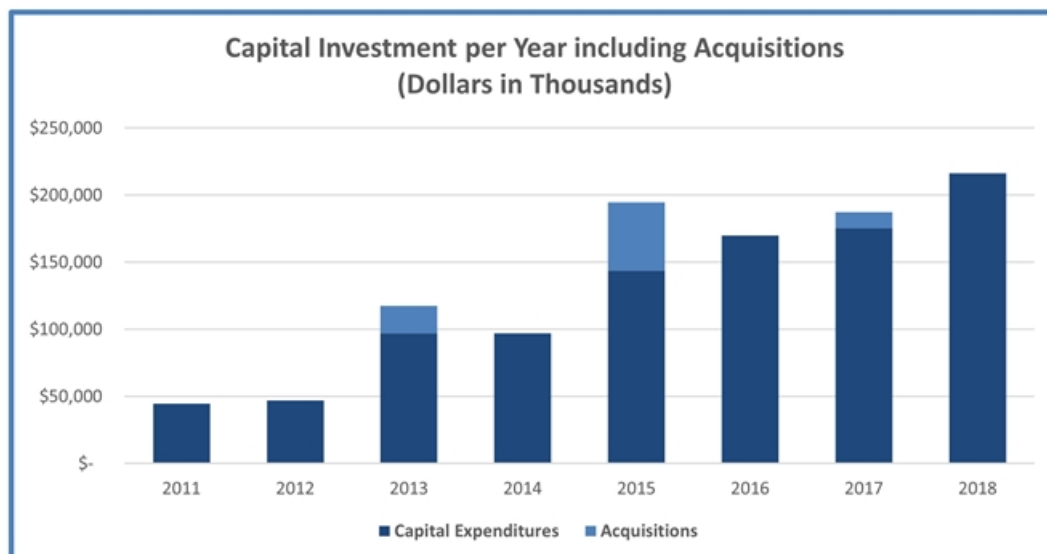
- Our goal is to continue generating top quartile earnings per share growth by investing significant capital in opportunities that generate returns that equal or exceed our cost of capital.
- To accomplish this we will:
  - maximize organic growth;
  - expand in to new service areas;
  - serve new customers; and
  - provide new service offerings.
- We will also consider:
  - accretive acquisitions to expand our footprint in potential growth markets;
  - new energy businesses that complement our existing operations and growth strategy;
- While always operating as a customer-centric full-service energy supplier/partner/provider.

*We turn aspirations into reality every day. We personally and genuinely care about each other, our customers, the communities we serve, our investors, and our business partners.*



# Strategic Plan Execution

## Identifying and Cultivating Profitable Investment Opportunities



The \$1.1 billion in capital expenditures from 2011 to 2018 has been invested in a variety of opportunities.

To support recent growth and position the Company for continued growth, we have:

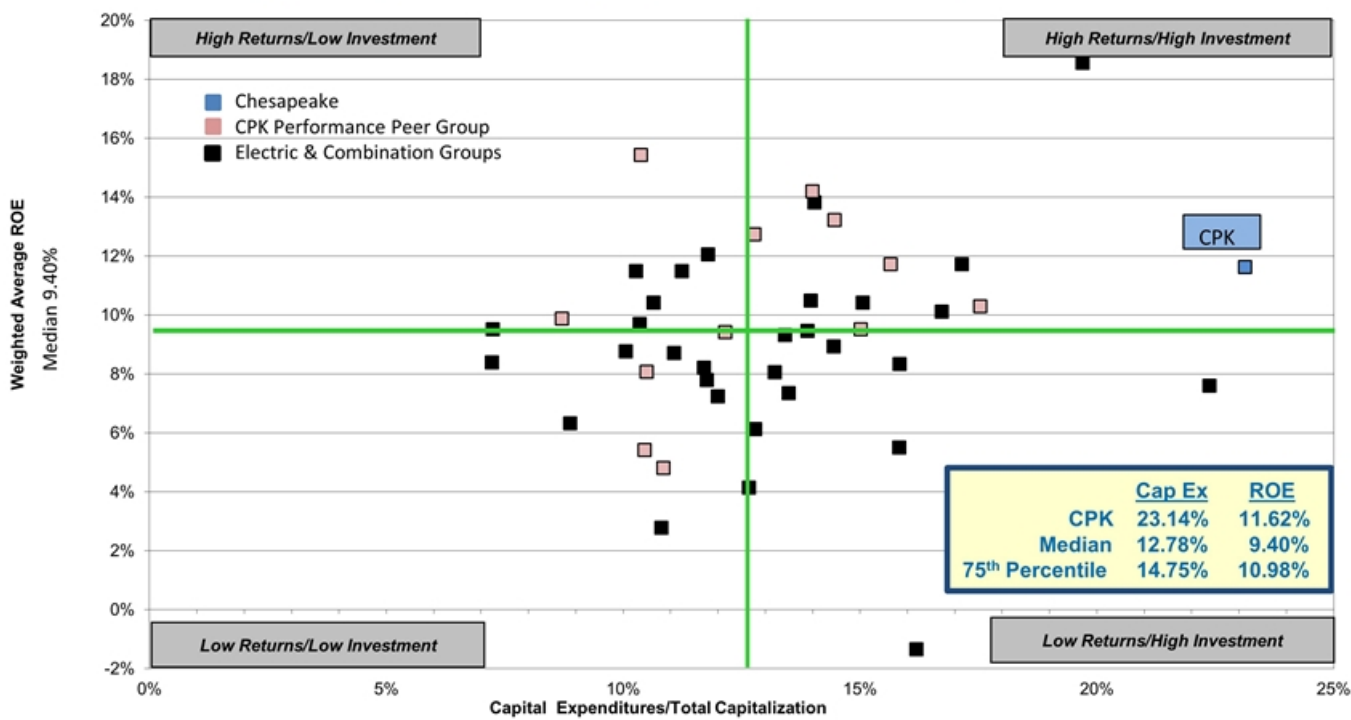
- invested in additional business development resources to further enhance our ability to identify and cultivate growth
- expanded the depth and breadth of our officer group
- Invested in our people, systems and technology to maintain our safety, quality, and service



# Strategic Plan Execution

## Capital Discipline and Efficiency

### Peer ROE vs. Capital Expenditures (July 2015 – June 2018)



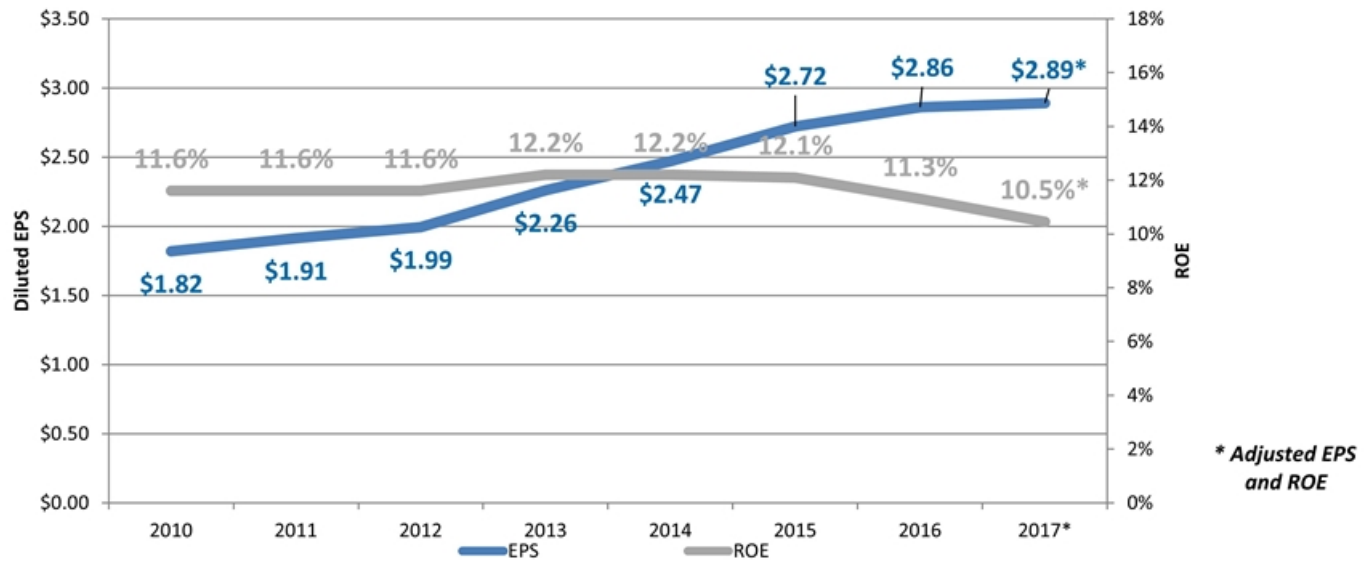
Our engaged employees have generated superior returns on proportionately higher capital investment





# Our Culture and Strategy Drive Record Results

## EPS and Return on Equity



- 2017 GAAP Earnings per share of \$3.55 and Return on Equity of 12.6%
- 2017 Adjusted Earnings per share of \$2.89 and Return on Equity of 10.5%  
(after adjustment for revaluation of net deferred tax assets and liabilities for the unregulated energy businesses and mark-to-market ("MTM") charge for unrealized loss on hedges in the natural gas marketing business)
- Forecasted EPS growth of 17% plus in 2018 including tax reform and key projects (based upon 2017 Adjusted EPS)

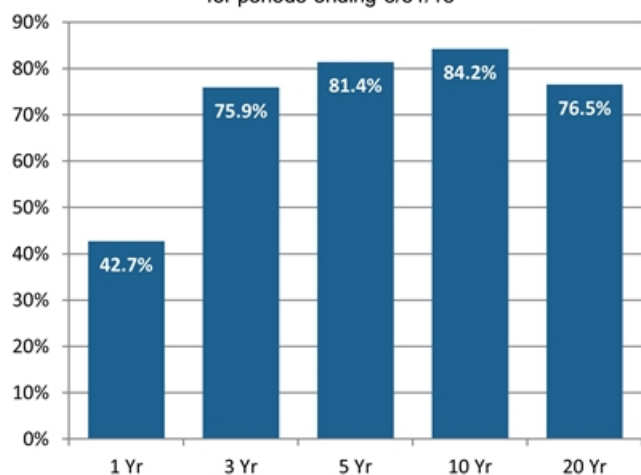


# Energized to Deliver Superior Shareholder Return

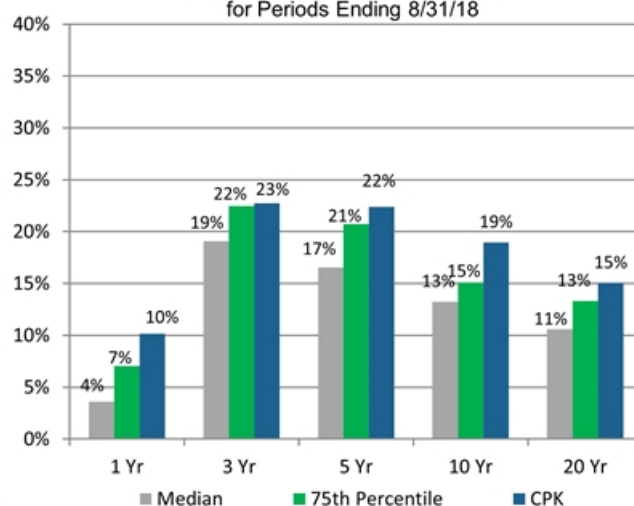
## Comparisons to S&P 500 and Peer Group

- Chesapeake has delivered compound annual return in excess of 15% over the long-term
- Total return relative to the S&P 500 has ranked in the top quartile over the long-term
- Chesapeake ranks in the top quartile in its peer group of 12 companies for total return for all periods

CPK Ranking of Annualized Shareholder Return compared to S&P 500 companies for periods ending 8/31/18



Annualized Shareholder Returns for Performance Peer Group for Periods Ending 8/31/18



Source: Bloomberg – Total Shareholder Return includes Price Appreciation and Dividends





## Supporting Our Culture and Growth



## Corporate Depth

- Office of the General Counsel (including Legal, Regulatory and Security) – Jim Moriarty
- Customer Care – Nicole Carter
- Information Technology – Vikrant Gadgil
- Safety, Communications and Human Resources – Lou Anatrella
- Accounting, Finance and Investor Relations – Beth Cooper



# The Path Forward



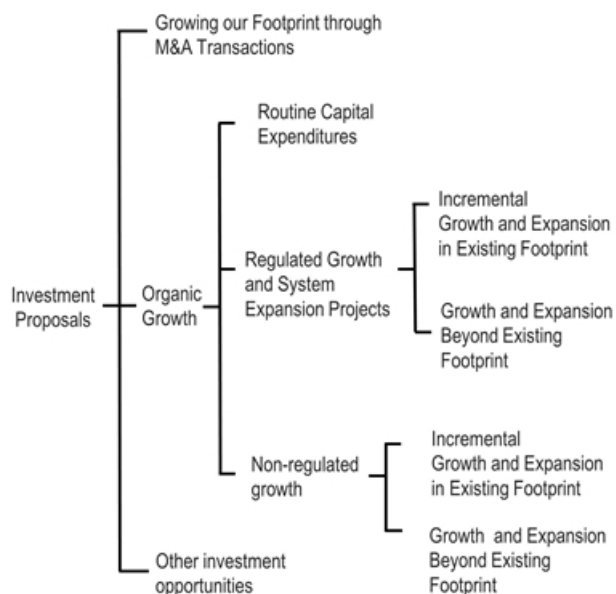
# Process to Oversee Growth Opportunities

## From Concept to Investment

We continue to identify and develop growth opportunities inside and outside our existing footprint. As part of that process, our Growth Council oversees the evaluation and development of strategic growth projects within the Company.

The Growth Council is the organizational entity that:

- Serves as the “clearinghouse” for all capital investments being proposed as growth opportunities
- Ensures that proposals within Growth Council Scope are evaluated and scored on a sound and consistent basis
- Composition of Growth Council includes representation from strategic development, finance, legal and business units
- Manage projects in incubation
  - ✓ Form the initial team
  - ✓ Bring in external resources as needed
  - ✓ Conduct periodic reviews of progress
  - ✓ Make timely decisions on continuing or discontinuing projects





# Growth Council: Composition and Functions

## The Growth Council

### Composition of Council

- Chair: Jim Moriarty, Senior Vice President and General Counsel
- Members:
  - ✓ Corporate Senior Leadership
  - ✓ Business Units' Senior Leadership
  - ✓ Regulatory Senior Leadership
  - ✓ Strategic Development

### Analytic and Decision-making support

- Strategic Development Support
- Internal analyses
- External advisors

### Project Sponsorship/ Champions

- Strategic Development Support
- Internal team from BU



## Key Functions of the Growth Council

- Establish and oversee a disciplined business development process
- Put in place a process for:
  - ✓ Timely decisions on progressing proposals from concept to active projects
  - ✓ Ensure all proposals are assessed in a consistent manner
  - ✓ Making decisions on investments in a rigorous and consistent manner
  - ✓ Ongoing review and monitoring of investments
  - ✓ Where necessary, "incubating projects" until they are ready for transition to the line BUs

# Chesapeake Utilities Corporation Strategy

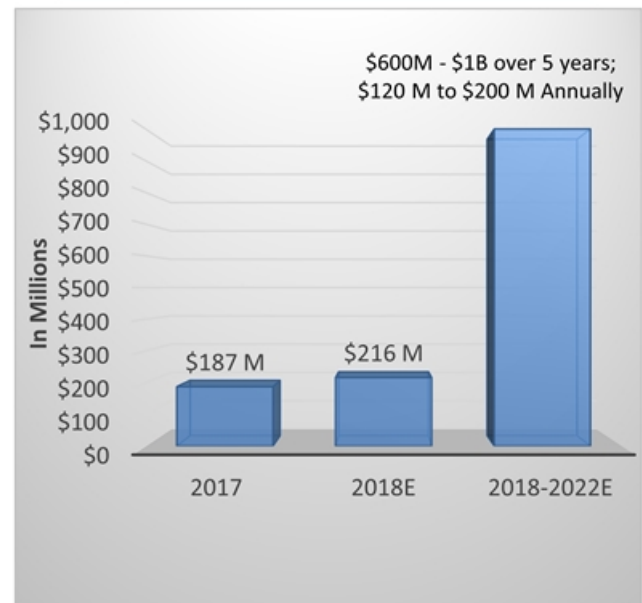
**Strategy:** Our strategy is to consistently produce industry leading total shareholder return by profitably investing capital into opportunities that leverage our skills and expertise in energy distribution and transmission to achieve high levels of service and growth.

## By Continuing to:

- Maximize Organic Growth
- Expand in to New Areas
- Serve New Customers
- Provide New Service Offerings

**We will create sufficient profitable opportunities to invest capital above our fundamental growth levels and, with disciplined execution, we will meet or exceed our financial targets.**

## Annual Capital Expenditures





# Initiatives to Continue our EPS Growth

- To maintain or exceed our historical EPS growth rate, CPK will remain entrepreneurial.
- We will invest opportunistically, adapting to changing market fundamentals, while remaining financially disciplined
- Some new investment opportunities may have lower near term ROE but we will achieve continued EPS growth and long-term returns on capital investments
- Our business development teams will seek opportunities to invest capital into growth opportunities
- Select growth opportunities being considered include: natural gas transportation infrastructure, clean energy generation (natural gas and renewables) and propane in new service areas



# Natural Gas Transportation Infrastructure

- Acquire or build, own, and operate pipeline systems that provide natural gas service to the downstream sectors
  - One potential market entry is to acquire a minority, non-operating interest in developing and or operating interstate pipelines
  - Focus on pipeline systems that serve demand centers such as LDCs, cooperatives, municipalities, communities, industrial end-users, and power plants
- Seek new development projects to serve downstream customers on pipelines that are well understood by CPK in the Southeast, Mid-Atlantic, and Midwest
- Leverage PESCO producer services relationships to develop additional pipeline projects

Potential Opportunities
Pipeline systems for Marcellus and Utica area natural gas production that serve downstream markets (like Aspire Energy)
Aspire Energy footprint provides platform for pipeline expansion & pipeline acquisitions
Acquire LDC/EDC/Municipals companies contiguous to existing CPK's LDC businesses
Acquire LDC/EDC/Municipals companies to develop new markets for CPK
Acquire or develop LNG/CNG facilities to expand our geography and serve new customers



# Clean Energy Generation – New Services & Customers

- Acquire or build power generation assets proximate to existing CPK infrastructure
  - Preferred power generation asset would have long-term power and/or steam or other thermal requirements with customers
- Peak margin in the power market is the summer, therefore investment in this sector would offset CPK peak winter earnings seasonality
- Earnings volatility different than legacy CPK businesses
  - Long-term offtake agreement could provide predictability of earnings
  - Hedging eliminates the risk of margin erosion but may create short-term financial reporting volatility
- Central station generation barriers to entry are high, CPK will be more competitive on projects within existing service territory
- Pursue renewable projects that serve long-term customers
  - Develop solar projects being requested by our commercial and industrial customers, before others come into our markets and provide the service
  - Acquire an interest in a solar development company with a pipeline of projects and a need for capital to build and own solar projects



# Propane Expansions and Start-Ups

- Acquisition of propane companies to provide access to new markets with significant growth potential or additional margin if converted to natural gas at prevailing values
- Build, own and operate distribution systems that provide propane service to new housing developments or small communities currently served by individual tanks
- Focus on new housing developments beyond the reach and economic feasibility of natural gas service
  - Identify step out areas for expanding Sharp's Community Gas Systems
- Seek out CGS opportunities where natural gas is not available
  - Provide option to convert propane customers when/if natural gas service becomes available and CPK total returns on capital for natural gas exceeds propane
- Leverage our Autogas business to enter new markets

Potential Opportunities
Acquisition of propane company in new markets
Existing CPK service territories in DE, MD, OH, VA and FL
Identify markets outside of current footprint in areas where there is high growth and limited or no natural gas infrastructure





## Mid-Atlantic and Midwest Energy Operations



## Mid-Atlantic and Midwest Energy Operations

	Components/ Entities	Business	Regulated or Unregulated
Eastern Shore Natural Gas		Natural gas transmission	Regulated
Delmarva Natural Gas	<ul style="list-style-type: none"> <li>Delaware Division</li> <li>Maryland Division</li> <li>Sandpiper Energy</li> </ul>	Natural gas distribution; propane gas systems being converted by Sandpiper Energy	Regulated
Sharp Energy	<ul style="list-style-type: none"> <li>Sharp CGS</li> <li>Sharp Autogas</li> </ul>	Propane distribution	Unregulated
Aspire Energy of Ohio		Natural gas transmission/supply	Unregulated





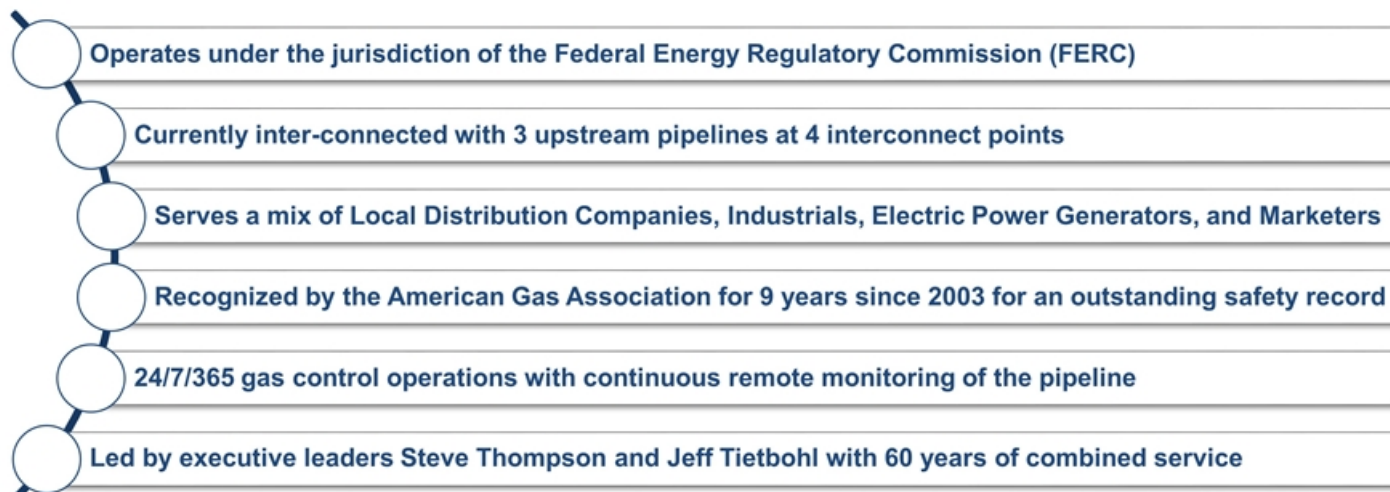
# Eastern Shore Natural Gas

**CHESAPEAKE**  
UTILITIES CORPORATION



# ESNG Overview

## Interstate Natural Gas Transmission Pipeline



Initial construction consisted of 124 miles of pipe extending from Parkesburg, PA, through Delaware and ending in Salisbury, MD

### Incorporated in Delaware in 1955

Eastern Shore began delivery of natural gas in 1959

Significant infrastructure growth projects to meet increasing market demand over Eastern Shore's 59-year operating history, with more underway or in the planning phases





# ESNG Overview

## Transmission Pipeline Infrastructure

KEY FACTS	
Miles of Pipeline	457
Delivery Points	96 Delivery Points within 16 Delivery Point Areas
Compression	17,745 hp at 3 sites
Daleville, PA	4 units, totaling 6,880 hp
Delaware City, DE	6 units totaling 7,890 hp
Bridgeville, DE	3 units totaling 2,975 hp
Interconnects	4 Interconnects with 3 Upstream Pipelines
Honey Brook, PA	Texas Eastern Transmission
Parkesburg, PA & Hockessin, DE	Transcontinental Gas Pipeline Co.
Daleville, PA	Columbia Gas Transmission, LLC

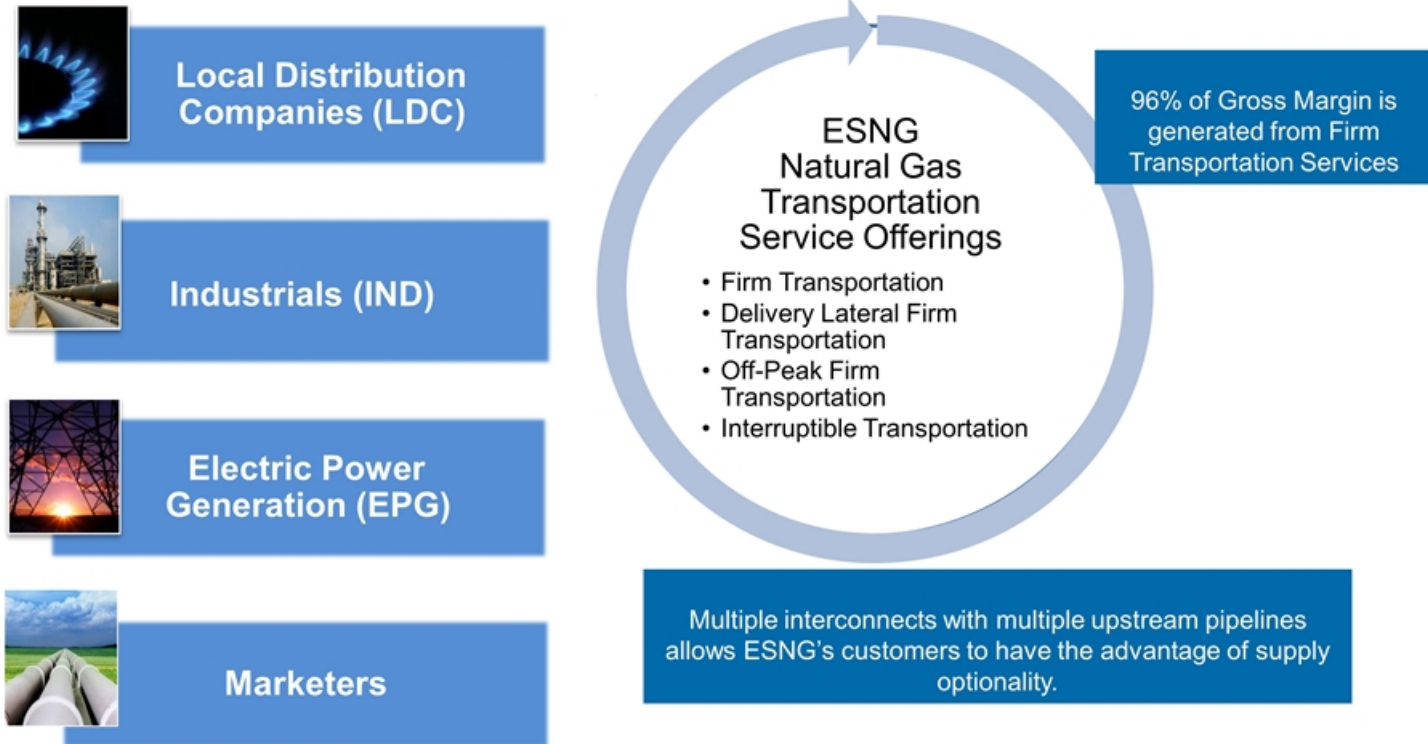
Total FT System Capacity Currently : 236,400 dts/day

Pending the completion of the 2017 Expansion Project, approximately 40 miles of pipeline and 3,750 hp of compression will be added to the system with total FT System Capacity nearly 300,000 dts/day



# ESNG Customers & Service Offerings

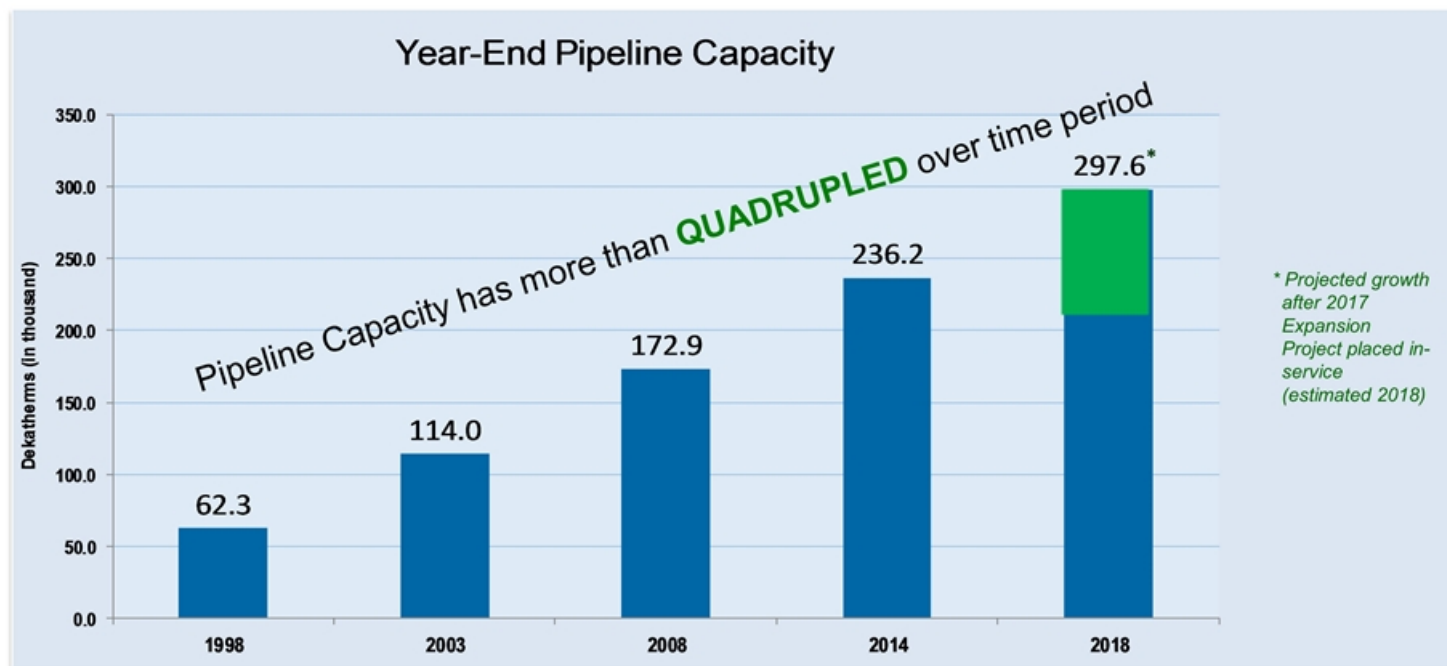
*Eastern Shore currently serves a mix of Local Distribution Companies, Industrials and Electric Power Generation customers in southeastern PA, DE and the Eastern Shore of MD*



# ESNG Capacity

## Consistent Growth

### Natural Gas Availability on the ESNG System

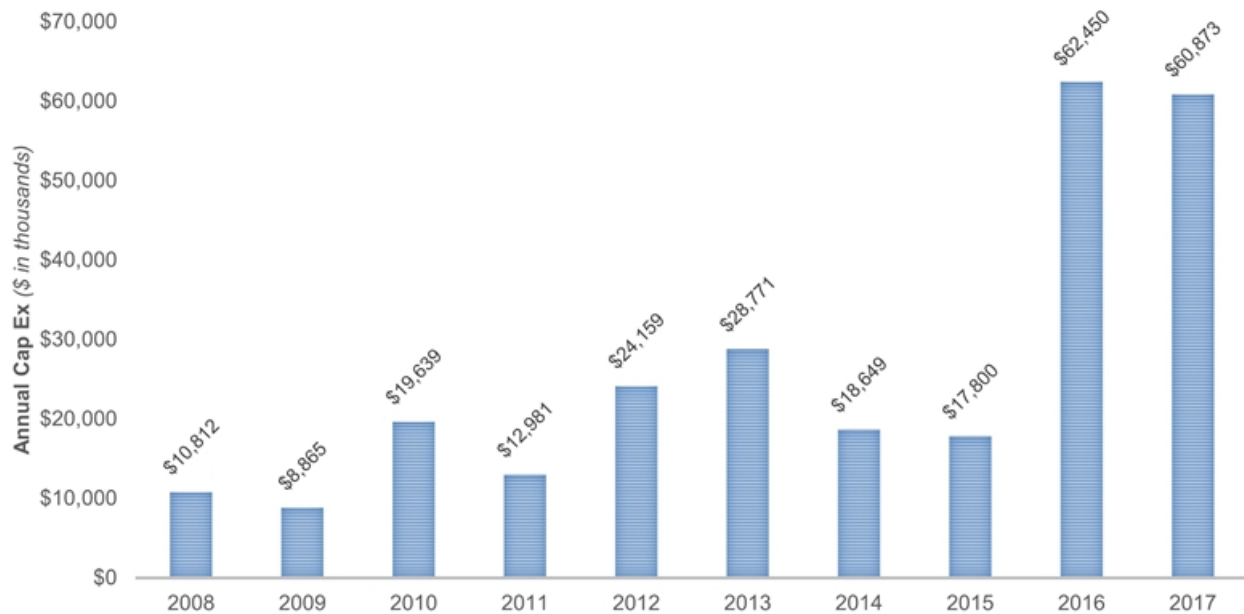


Since the pipeline went Open Access in 1997, ESNG has more than quadrupled pipeline capacity, adding over 180 miles of new pipeline facilities and extending natural gas service to existing and new territories.



# ESNG Capital Expenditures

- Over the last 10 years, ESNG has invested \$265 million in its pipeline system and related infrastructure.
- The most significant expansion and reliability projects over the last decade include connecting ESNG to the TETCO pipeline system, White Oak Mainline, System Reliability, and currently the 2017 Expansion Project.



# ESNG Gross Margin

Consistent Growth



# ESNG Recent Projects

## Continuing to Increase NG Infrastructure

			Capital
Completed	White Oak Mainline	<ul style="list-style-type: none"> <li>• In-service March 2017</li> <li>• Pipeline looping and compressor upgrades to provide transportation services for Calpine's electric generating plant in Dover, DE</li> </ul>	\$41MM
	System Reliability	<ul style="list-style-type: none"> <li>• In-service April 2017</li> <li>• Additional facilities that ensure the quality of service and optimal system design and operation, benefiting all customers on ESNG's system</li> </ul>	\$38MM
In Progress	2017 Expansion Project	<ul style="list-style-type: none"> <li>• Target In-service 2018 – Q12019</li> <li>• Capacity expansion of ESNG's existing pipeline to provide additional natural gas transportation services to several customers, ranging from local distribution companies to industrials to electric power generators</li> </ul>	\$117MM
Approval Pending	Del-Mar Energy Pathway Project	<ul style="list-style-type: none"> <li>• Open Season Conducted: 5/16/17 – 6/6/17</li> <li>• Capacity expansion</li> <li>• Precedent Agreements executed with participating customers</li> <li>• FERC CP application filed 9/14/18</li> </ul>	\$37MM





# Executing ESNG Strategic Initiatives

## 2017 Expansion Project – Overview

### Project Summary

<b>Miles of Pipeline/Compression</b>	~33 miles of pipeline looping in Pennsylvania, Maryland and Delaware ~17 miles of new mainline extension and two pressure control stations in Sussex County, Delaware
<b>Other Facilities</b>	Upgrades to the TETCO interconnect 3,750 hp new compression-Daleville Compressor Station Two new pressure control stations
<b>Total Capacity Increase (dt/d)</b>	Total of 61,162 dt/d of additional firm natural gas transportation service with additional 52,500 dt/d of firm transportation service at certain ESNG receipt facilities

Est. Capital Investment	\$117MM
Est. Capital Spend Years	2017-2019
Annual Margin	\$15.8MM (1-5) & \$13.2MM (6-20)

#### Value Creation

- Seven customers, including three affiliates, are participating in this Project which results in additional annual margin of \$15.8 million for the first five years
- Two receipt zone contracts for \$2.6MM are only assumed for the first five years

#### What's Different

- To date, the Project is the largest pipeline expansion project in ESNG's history and will result in an additional 40 miles of pipeline
- Introduction of 24" diameter pipeline in ESNG's pipeline system infrastructure

#### Next Steps

- Complete construction on remaining loops and place all segments into service by the first quarter 2019



# Executing ESNG Strategic Initiatives

## Del-Mar Energy Pathway Project – Overview

### Project Summary

<b>Miles of Pipeline/Compression</b>	~6 miles of pipeline looping in Delaware ~13 miles of new mainline extension in Sussex County, DE and Somerset County, MD
<b>Other Facilities</b>	New pressure control station and new delivery stations in Sussex County, Delaware and in Somerset County, MD
<b>Total Capacity Increase (dt/d)</b>	Up to an aggregate of 14,300 dt/d

Est. Capital Investment	\$37.1MM
Est. Capital Spend Years	2018-2021
Annual Margin	\$5.1MM

#### Value Creation

- Support local distribution companies' ability to maximize their customer additions in the fast growing area of east Sussex County, Delaware and conversion market opportunities in Somerset County
- Project will provide an additional 14,300 dt/d capacity to four total customers, including three affiliates

#### What's Different

- Furthering natural gas transmission pipeline infrastructure in eastern Sussex County, DE
- First extension of ESNG pipeline system into Somerset County. Piped natural gas will be available in Somerset County for the first time in history

#### Next Steps

- Certificate Application submitted to FERC on September 14, 2018
- Continue development of the project's facilities and successfully obtain all required permitting
- FERC regulatory process and approval



# Executing ESNG Strategic Initiatives

## Potential Future Expansion Project – Overview

Open Season held from February 7 – April 17, 2018

Development of project(s) to meet Open Season responses underway

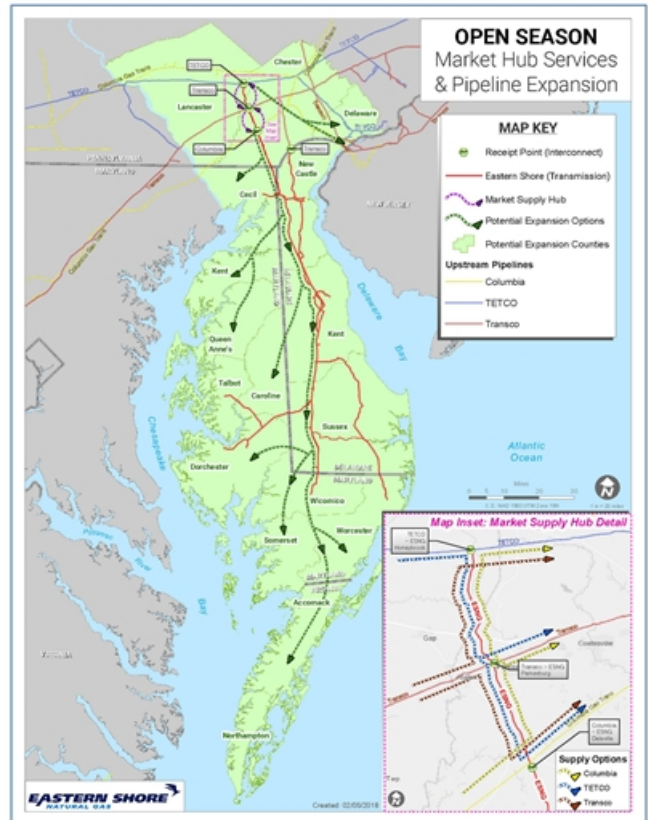
### Opportunity Summary

#### Pipeline Expansion

- Multi-year phased in pipeline expansion providing firm transportation service capacity additions to southeastern PA and areas of the Delmarva Peninsula, including areas currently not served with piped natural gas. Proposed to be phased in over 3-year period (Nov. 1, 2020, Nov. 1, 2021, and/or Nov. 2022).

#### Market Hub Services

- Possible bi-directional upgrades to the northern portion of ESNG's transmission system where it is interconnected with the three interstate systems (Texas Eastern, Transco and Columbia Gas).
- Shippers would have the ability to deliver gas to ESNG from one interstate pipeline and have ESNG re-deliver the gas into another interstate system for the shipper.
- This supply optionality will allow shippers to take advantage of market pricing differentials between pipelines.







## Delmarva Natural Gas Distribution

**CHESAPEAKE**  
UTILITIES CORPORATION



TOP  
WORK  
PLACES

# Chesapeake Utilities & Sandpiper Energy – Overview

- **Delaware Division**
  - Southern New Castle County, Kent County and Sussex County
  - Over 52,000 retail customers
  - Over 1,027 miles of natural gas main
  - Delivers nearly 8 million Mcf of natural gas per year
- **Maryland Division**
  - Cecil County, Caroline County, Dorchester County and Wicomico County
  - Over 12,800 retail customers
  - Over 311 miles of natural gas main
  - Delivers nearly 3 million Mcf of natural gas per year
- **Sandpiper Energy**
  - Worcester County
  - Over 10,600 retail customers
  - Over 310 miles of natural gas and propane main
  - Delivers nearly 400 thousand Mcf of natural gas and 4.1 million gallons of propane per year (363 thousand Mcf equivalent)

## CHESAPEAKE UTILITIES & SANDPIPER ENERGY



# Chesapeake Utilities & Sandpiper Energy – Staffing

## Business Unit Leadership Team

- Business Unit leadership team has a combined 54 years of Company service
  - Aleida Socarras – Vice President (7 Years)
  - Shane Breakie – Director, Energy Services (25 Years)
  - Christopher Redd – Director, Gas Operations, Engineering & Supply (14 Years)
  - Autumn Chalabala – Director, Business Operations (8 Years)

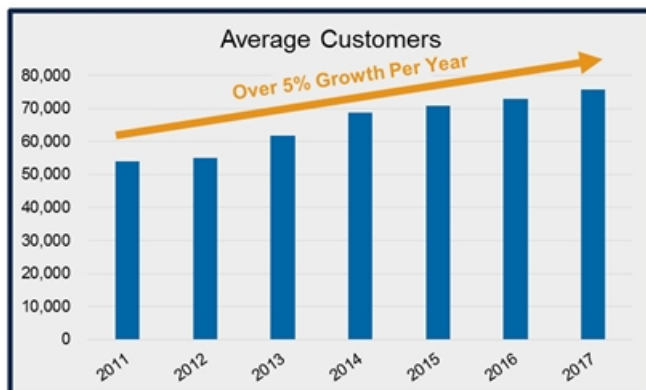
## Business Unit Team

- 135 Personnel located in Delaware and Maryland
- Focused on Safety, Business Development, Business Operations, Business Planning, Engineering, Field Operations, Gas Supply, Sales and Marketing





# Chesapeake Utilities & Sandpiper Energy – Past Performance



# Chesapeake Utilities & Sandpiper Energy – Distribution System Expansion



## Past

- Organic growth focused on Kent/New Castle Counties, DE

## Present

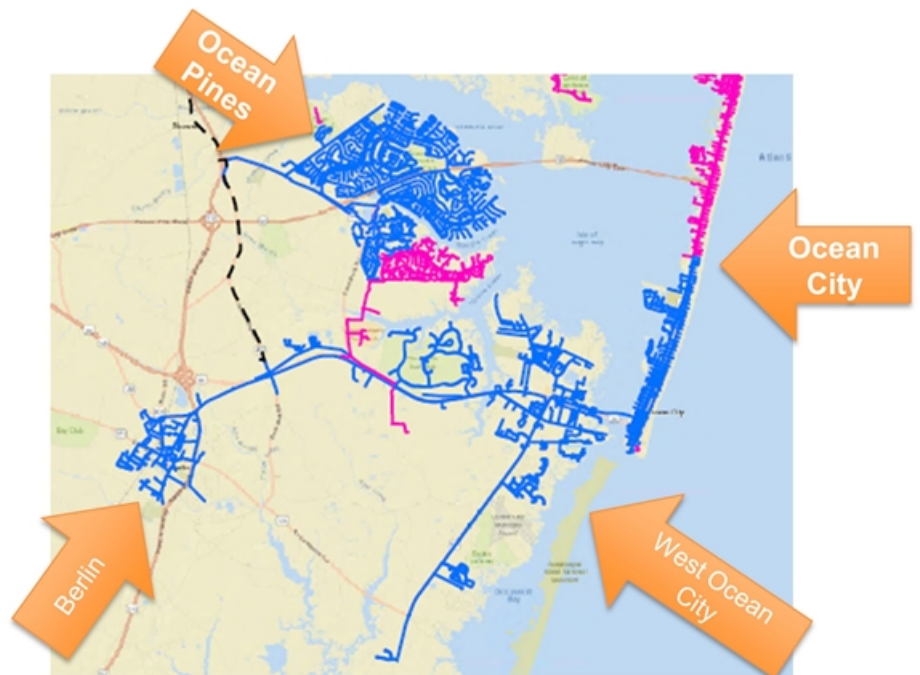
- Growth into eastern Sussex County, DE and Cecil County, MD
- Conversion of existing propane customers in Worcester County, MD

## Future

- Continued expansion in growth areas of our service territory
- Looking for expansion opportunities in other areas of the Peninsula

# Sandpiper Energy – Customer Conversions from Propane to Natural Gas

- Approximately 6,800 customers have been converted (Berlin, West Ocean City, Ocean Pines, and Ocean City).
- A bay crossing from West Ocean City to Ocean City completed in 2017
- Conversions in Ocean City continue during the months of September - May
- Conversions in Ocean Pines happen year round



— line = natural gas main    — line = propane main



# Sharp Energy Propane Operations





# Sharp Energy – Overview

- Provides propane distribution service to approximately 39,000 customers
- Service territories include Delaware, Maryland, Virginia and Pennsylvania
- Customer categories include residential, commercial, industrial, agricultural and Autogas
- 29 bulk storage facilities (4 rail) with total propane storage capacity in excess of 3.5 million gallons; more than any other propane provider in our operating territory
- Leadership team has a combined 158 years of service
- 170 employees and 10 operating locations

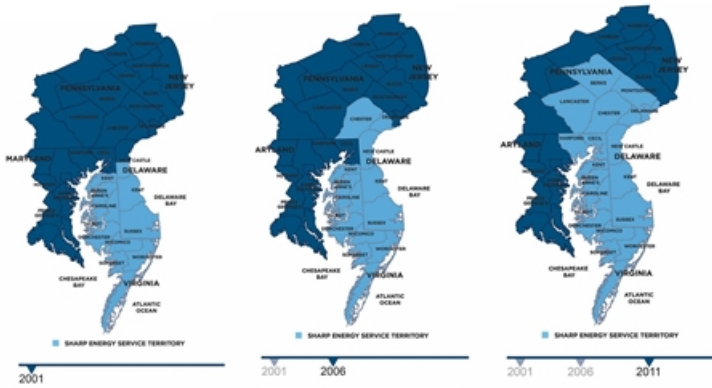
**Servicing customers' propane needs for over 35 years**

1981:	Acquired Clarence E. Sharp Company in Georgetown, DE. Sharpgas, Inc. DBA Sharp Energy was formed to consolidate CPK's propane distribution operations
1988:	Acquired Kellam Energy, Inc. in Belle Haven, VA
1997:	Acquired Tri-County Gas Company in Salisbury, MD and Sheldon Gas Company in Dover, DE
2005:	Initiated start-up operation in Allentown, PA
2010:	Initiated start-up operation in Cecil County, MD
2011:	Initiated start-up operation in the Poconos, PA
2013:	Signed first Autogas customer
2016:	Initiated start-up operation in Anne Arundel, MD
2018:	Expanded Autogas offerings to Jupiter and Jacksonville, FL



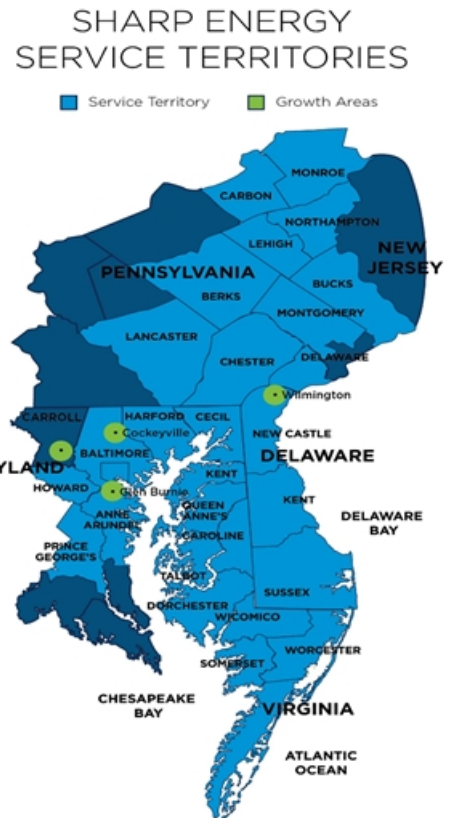
# Sharp Energy Growth Story

Historic Service Territories  
(2001 – 2011)



- Sharp continues to grow organically within existing territories as well as expand geographically, with a focus on markets on the western shore of MD (Anne Arundel County and Baltimore County) and Wilmington, DE (Autogas and commercial focus)
- Expanding into Carroll County to support autogas/builder opportunities in the surrounding counties

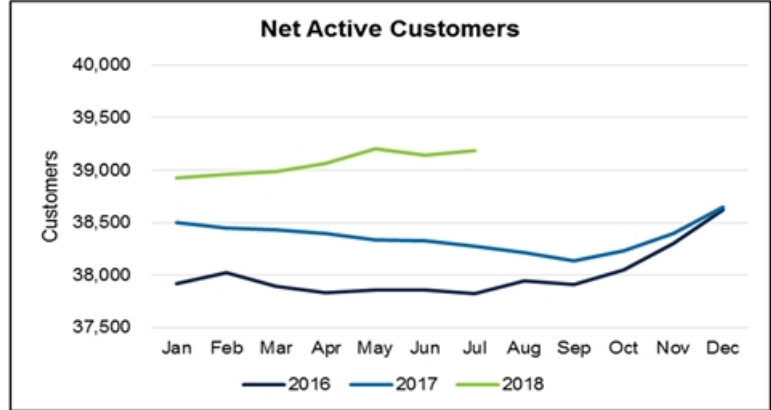
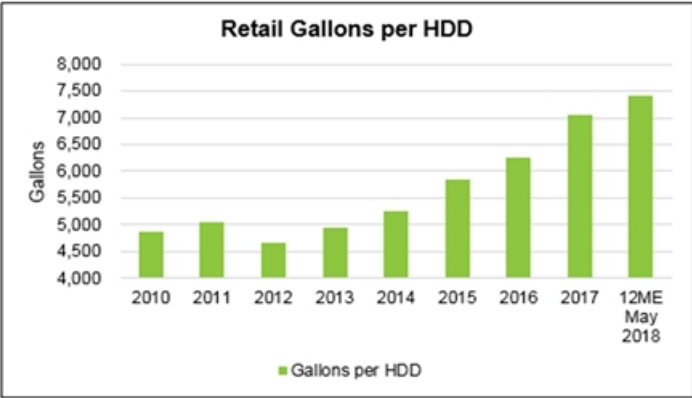
Current Service Territories  
(2018)





# Market Profile – Gallon Sales & Customer Count

## Sharp Energy



# Sharp Energy – Growth Initiatives

## Community Gas Systems

- Timely execution and communication has set Sharp Energy apart from the competition
- Maintain and develop builder relationships via dedicated staff to ensure seamless implementation of the gas system within the developments
- Additional opportunities for temp heat and bulk residential gallon sales

## Autogas

- Established relationships early-on with strategic partners to support sales efforts
- Autogas technical services team is capable of converting, repairing and maintaining Autogas vehicles
- Created a multi-fleet fueling station network to support refueling efficiency for our Autogas customers
- Recognized as the premier provider of Autogas in the propane industry

## Start-ups

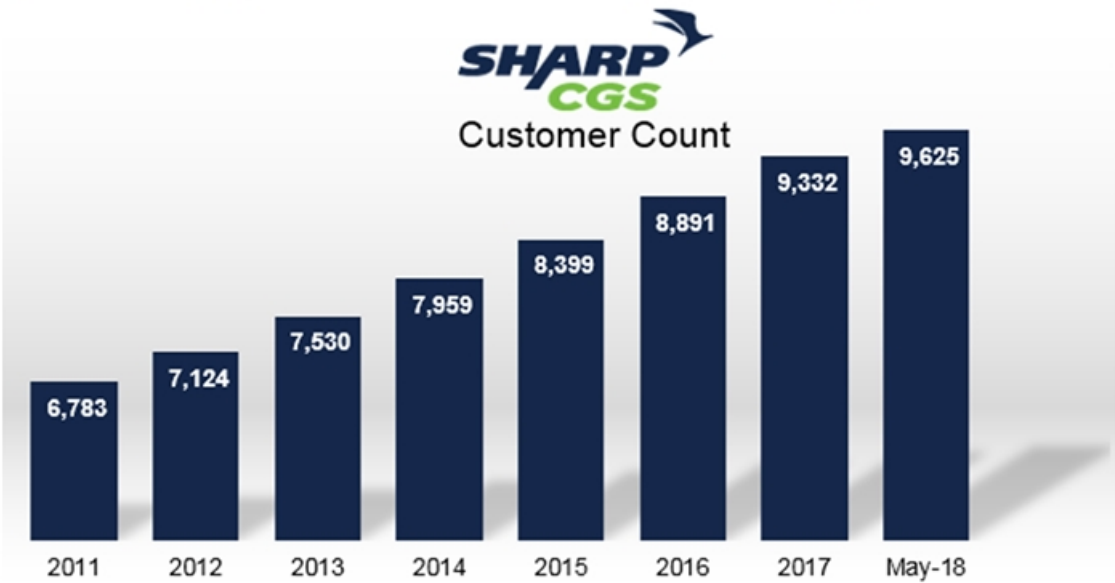
- Facilitates geographic expansion beyond existing service territories
- Accelerated gallon sales through builder relationships and autogas opportunities

## Poultry

- Poultry producers are increasing capacity on the Delmarva Peninsula to more efficiently supply the Northeast market and accommodate growth
- Poultry producers see the value of quality of service and guarantee of supply
- Sharp can leverage its superior infrastructure and grower relations to gain market share in the growing poultry market



# Sharp Energy – Community Gas Systems

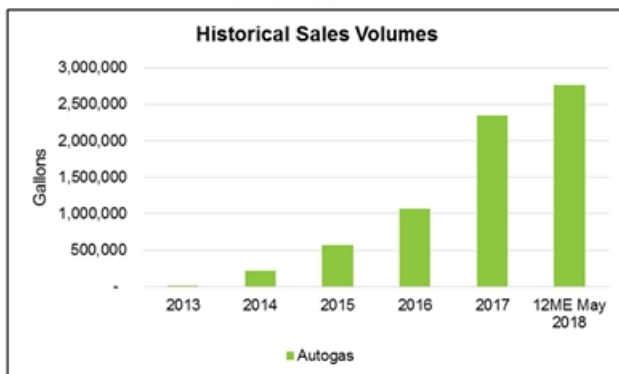


As of May 2018, the combined storage capacity for all active CGS communities exceeded 790,000 gallons of propane, and served 67 CGS systems and 9,625 customers

Leveraging builder/developer relationships beyond our existing territories

Newly developed relationships with national builders

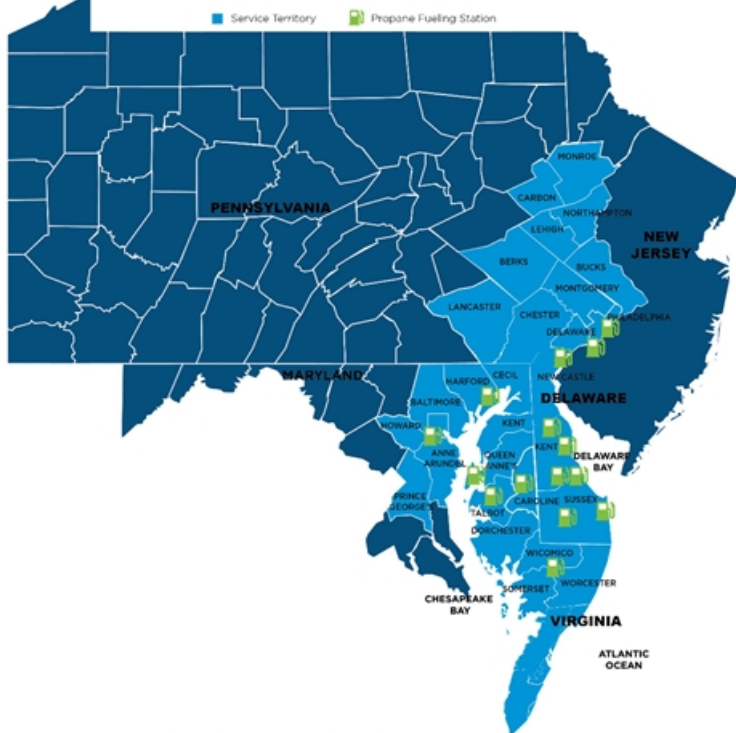
# Sharp Energy – Autogas



- To date, Sharp has displaced over 4.8M gallons of gasoline/diesel fuel (internal use and external sales combined)
- Benefits of Autogas:
  - **Economical**
    - On average, 30-40% less expensive than gasoline and about 50% less than diesel
    - Cleaner burning = reduced maintenance costs
  - **Clean**
    - Up to 25% less greenhouse gases
    - 20% less nitrogen oxide
    - Up to 60% less carbon monoxide
  - **Domestic**
    - More than 90% of the U.S. propane Autogas supply is produced domestically, with an additional 7% from Canada
- Sales accomplishments:
  - Awarded Delaware Rapid Transit fuel supply for 5 years
  - Sharp is a key provider of Autogas for propane-powered school buses in the states of Delaware, Maryland and Pennsylvania
  - Sharp's ability to capitalize on various incentives and grants increases the economics of conversions for both Sharp and its customers
  - Sharp will facilitate Autogas conversions for FPU and support sales efforts to expand Autogas offerings in Florida

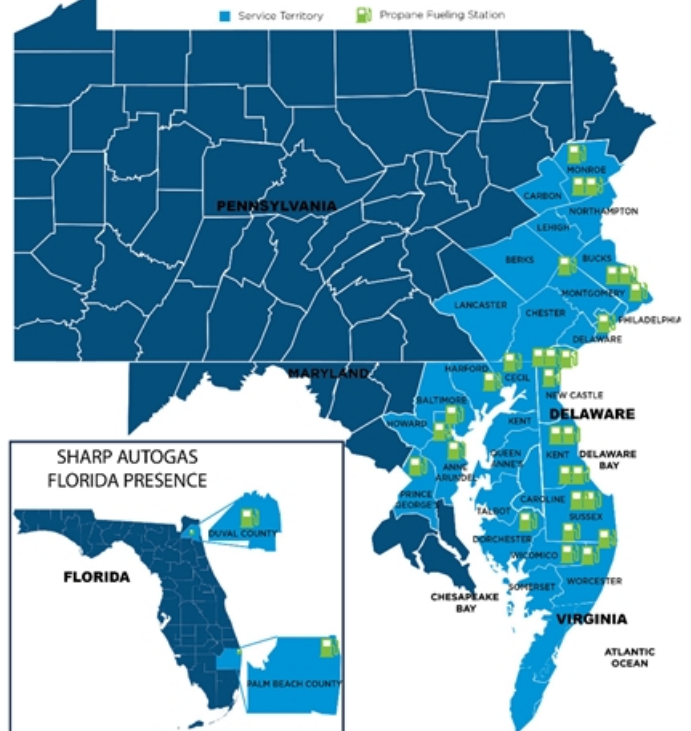
# Sharp Energy – Autogas

## SHARP AUTOGAS MULTI-FLEET FUELING STATIONS



■ # of Multi-Fleet Fueling Stations = 15

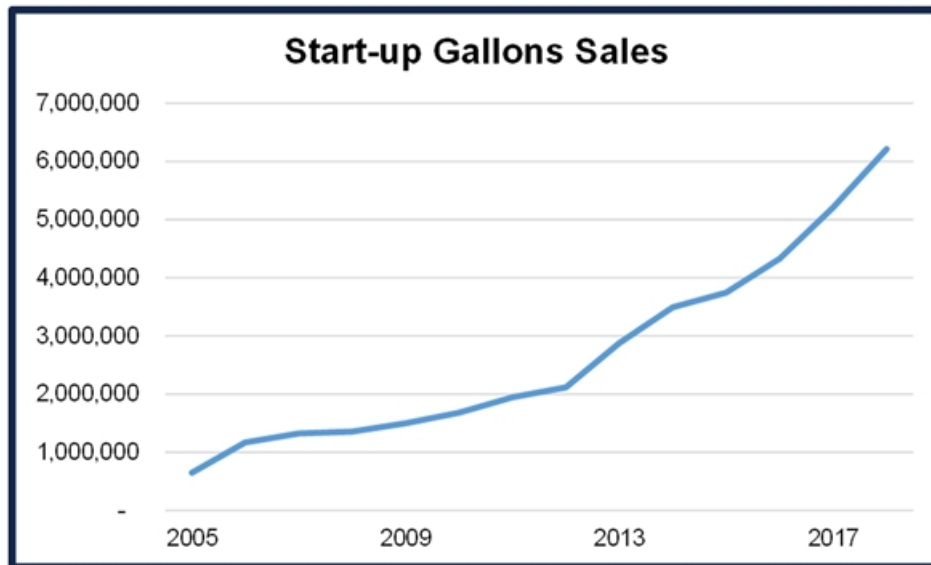
## SHARP AUTOGAS PRIVATE FUELING STATIONS



■ # of Private Fueling Stations = 31



# Sharp Energy – Start-ups



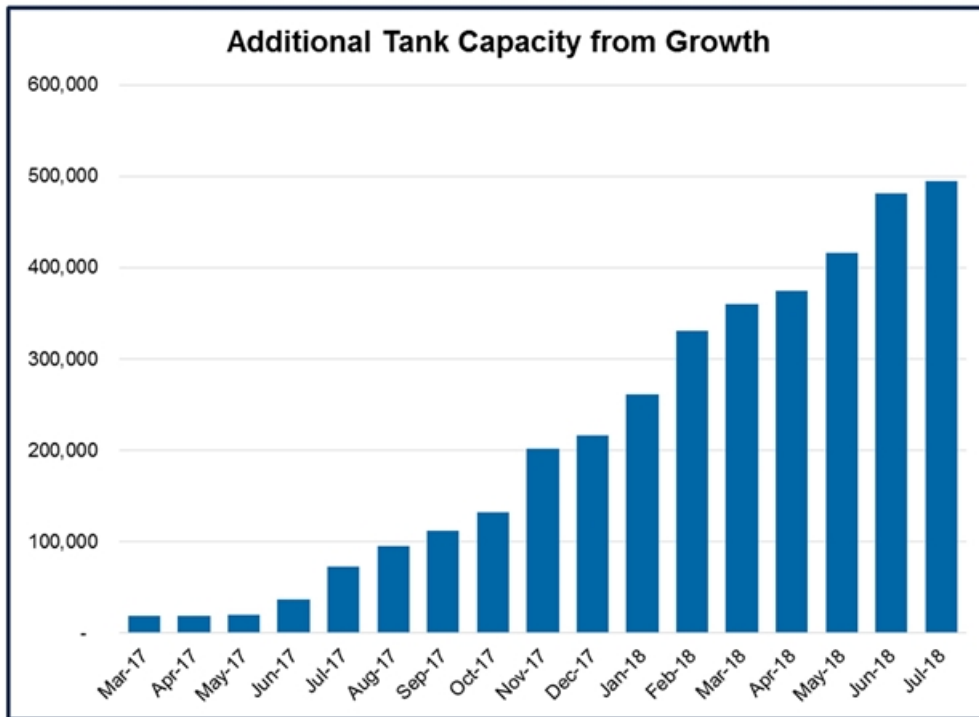
- Start-ups:
  - 2005: Allentown, PA
  - 2010: Cecil County, MD
  - 2011: Poconos, PA
  - 2016: Anne Arundel, MD

- Anne Arundel
  - Growth drivers include autogas and large commercial accounts
  - Trending to deliver 1M gallons by YE 2018
  - Fastest grass roots start-up to 1M gallons in Sharp history





# Sharp Energy – Poultry



- Added 495,000 gallons of tank capacity since March 2017
- Total poultry growers tank capacity is currently 2.28M gallons



# Aspire Energy of Ohio

**CHESAPEAKE**  
UTILITIES CORPORATION



# Aspire Energy Overview

## Natural Gas Gathering System

- 1 Unregulated natural gas business operating gathering and intrastate pipelines in Ohio
- 2 Provides natural gas supplies to various local gas cooperatives and local distribution companies
- 3 Expertise in areas such as Operations, Business Development & Marketing, Field Support & Construction, Meter Reading Services, Land, Engineering & GIS, and Financial Analysis
- 4 Long-term supply agreements with Columbia Gas of Ohio (COH) and Consumers Gas Cooperative (CGC), which serve more than 20,000 end-use customers
- 5 Led by executives Steve Thompson and Doug Ward with a combined 65 years of industry experience
- 6 56 Employees located in Ohio

**CPK acquired Gatherco on April 1, 2015 and began operations as Aspire Energy**

Gatherco was established in 1997 when they acquired Columbia Gas Transmission's natural gas gathering assets in Ohio

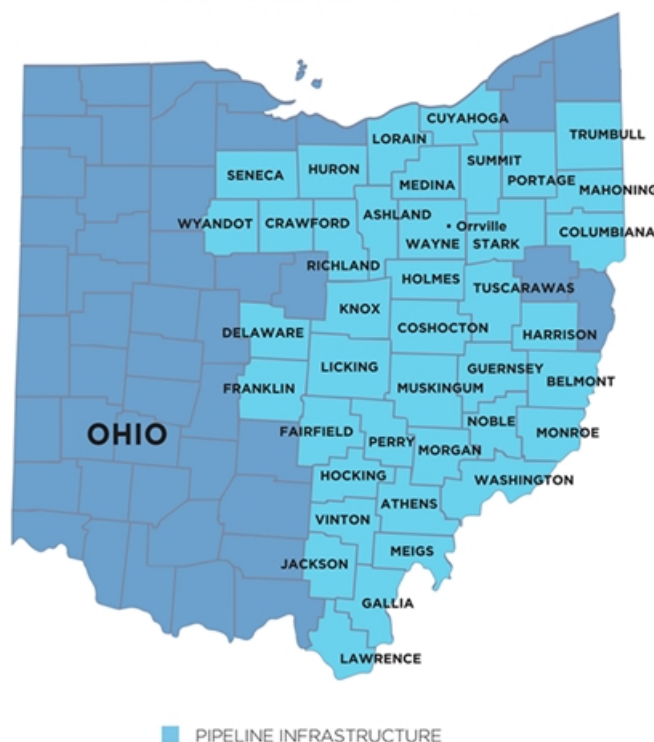
Operating 16 gathering systems and more than 2,600 miles of gathering and intrastate pipelines in the Marcellus and Utica shale production areas



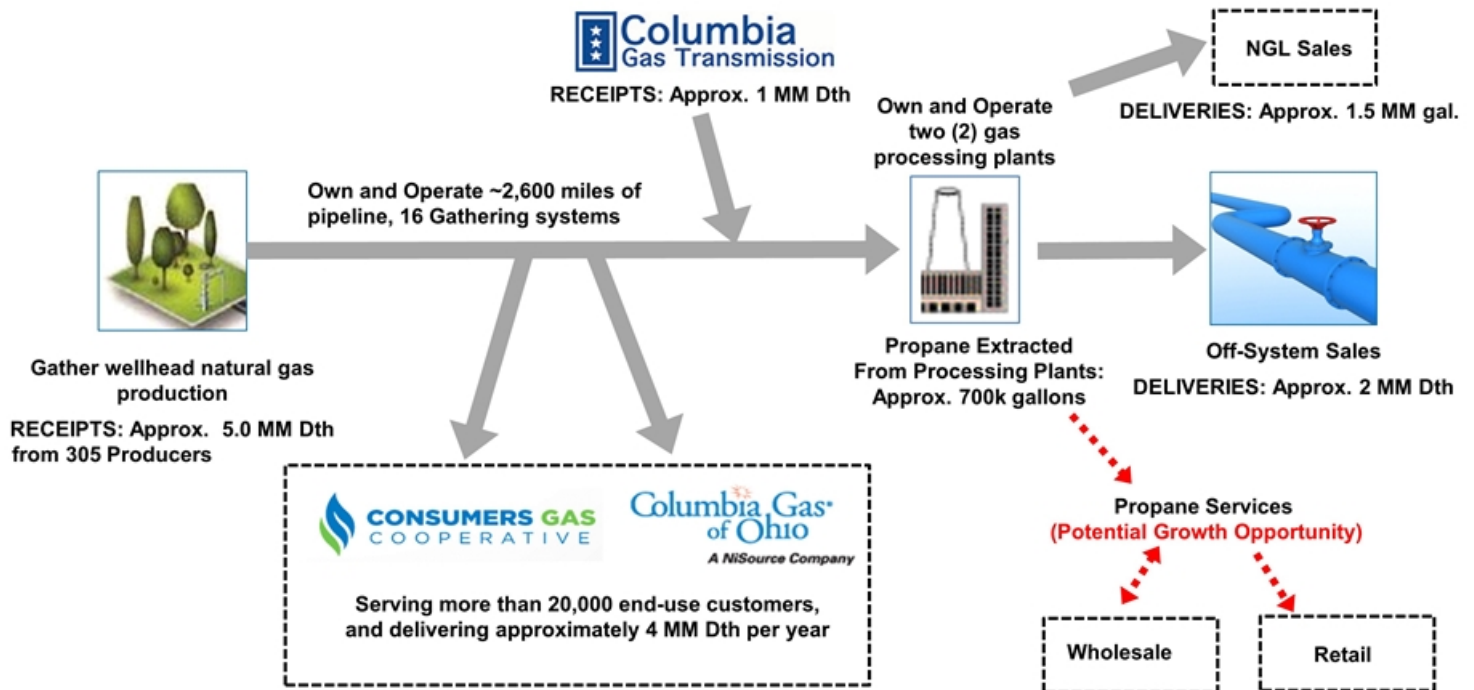
# Aspire Energy Overview

- Aspire Energy operates in 40 of the 88 counties in Ohio, providing natural gas supplies to various local gas cooperatives and local distribution companies, including Consumers Gas Cooperative and Ohio's largest local distribution company, Columbia Gas of Ohio
- Aspire Energy is an unregulated natural gas business operating 16 gathering systems and more than 2,600 miles of gathering and intrastate pipelines in the Marcellus and Utica shale production areas.

## ASPIRE ENERGY



# Aspire Energy Value Chain System Overview





# Aspire Energy Value Chain

## Delivery to End Users & Down-Stream Markets

**DELIVERY TO END USERS & DOWN-STREAM MARKETS**

THE MAJORITY OF ASPIRE ENERGY'S MARGIN IS DERIVED FROM LONG-TERM AGREEMENTS TO SUPPLY NATURAL GAS TO COLUMBIA GAS OF OHIO (COH) AND CONSUMERS GAS COOPERATIVE (CGC), WHICH SERVE MORE THAN 20,000 END-USE CUSTOMERS.



**Commercial Animal Feed Facility**

PICTURED ABOVE IS A COMMERCIAL FACILITY BEING SUPPLIED NATURAL GAS BY ASPIRE ENERGY IN LICKING COUNTY, OHIO. THIS FACILITY HAS AN ANNUAL CONSUMPTION OF 22,000 DTS.



**Commercial Grain Facility**

PICTURED ABOVE IS A COMMERCIAL GRAIN FACILITY LOCATED IN HURON COUNTY, OHIO. THIS FACILITY IS SUPPLIED WITH NATURAL GAS FROM ASPIRE ENERGY AND HAS AN ANNUAL CONSUMPTION OF 22,000 DTS.



**Commercial End User**

PICTURED ABOVE IS A LARGE SCHOOL IN HOLMES COUNTY, OHIO. THIS FACILITY IS SUPPLIED NATURAL GAS BY ASPIRE ENERGY AND HAS AN ANNUAL CONSUMPTION OF 10,000 DTS.

**CONSUMERS GAS COOPERATIVE**

**Columbia Gas of Ohio**

**4.0MM**  
Dts Delivered Annually to CGC & COH

- Nearly 90% of Aspire Energy's margin is generated from unregulated long-term supply agreements with Columbia Gas of Ohio (COH) and Consumers Gas Cooperative (CGC), which serve more than 20,000 end use customers.



**CONSUMERS GAS**  
COOPERATIVE

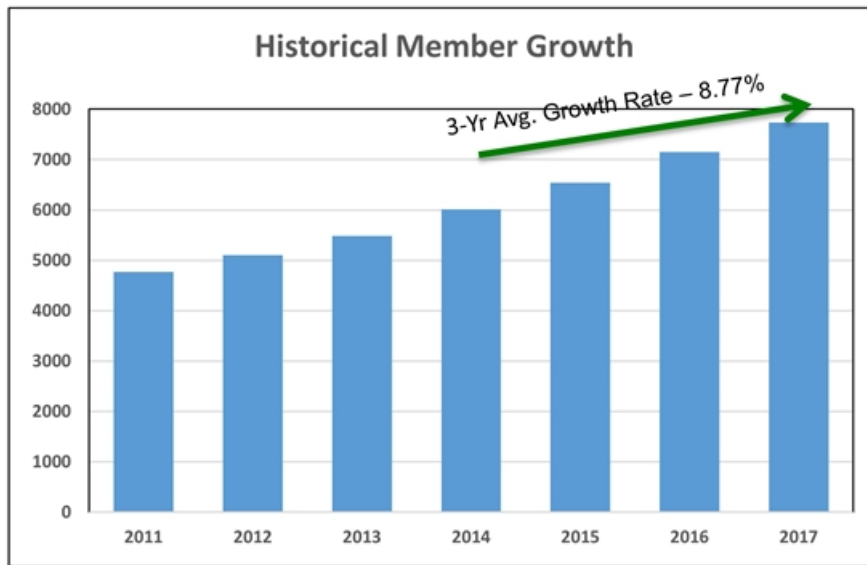
**Columbia Gas**  
of Ohio

- 4.0 Million Dts Delivered Annual to CGC and COH



# Customer Profile – Consumers Gas Cooperative

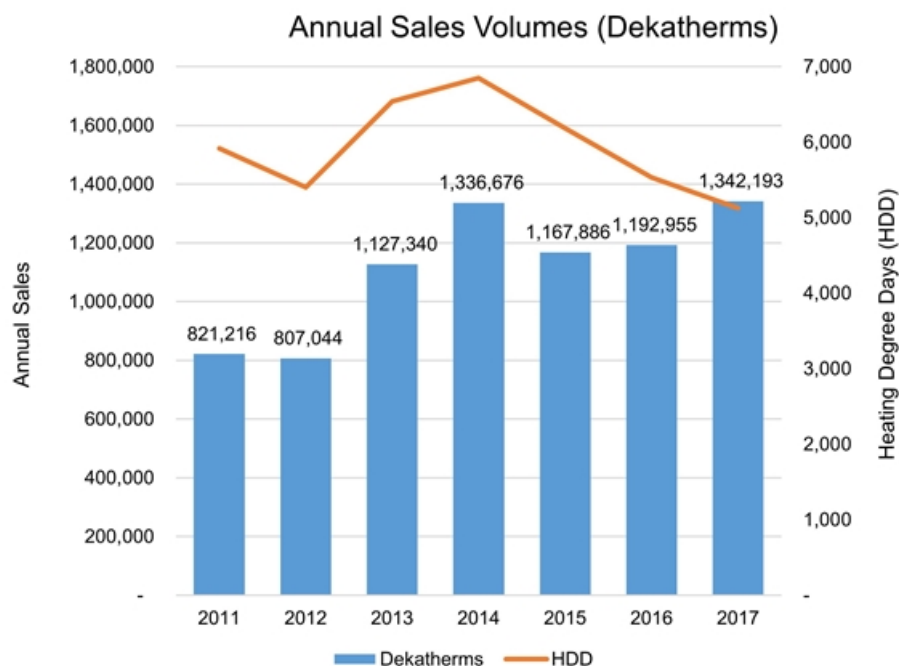
## Customer Growth



- Growth rates have averaged 8.77% the last three years.
- The residential sector continues to be the driving force for customer growth, accounting for 82% of new members over the past five years.

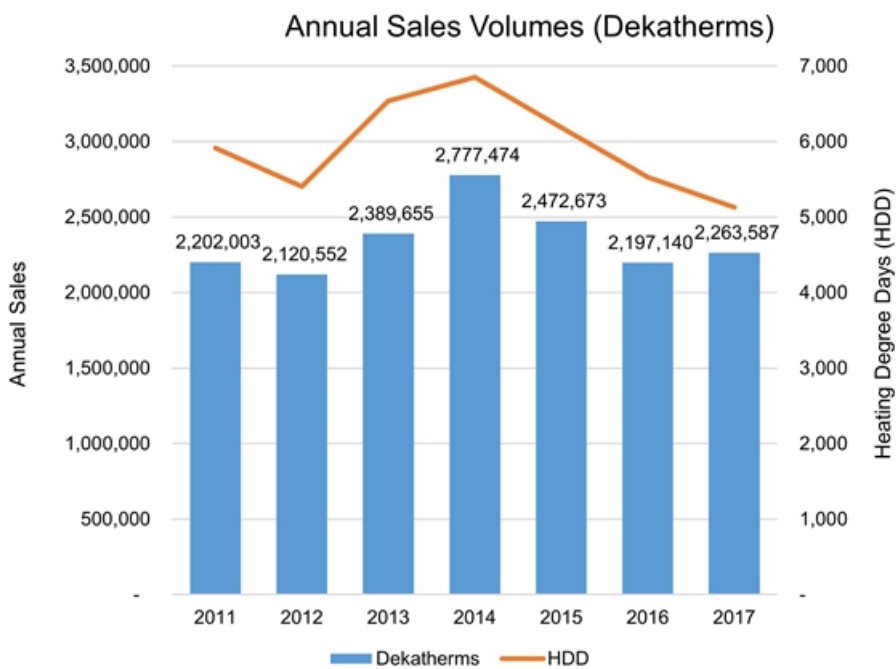
# Customer Profile – Consumers Gas Cooperative

- Aspire Energy has a long term contract to provide natural gas to all Consumers Gas Cooperative members.



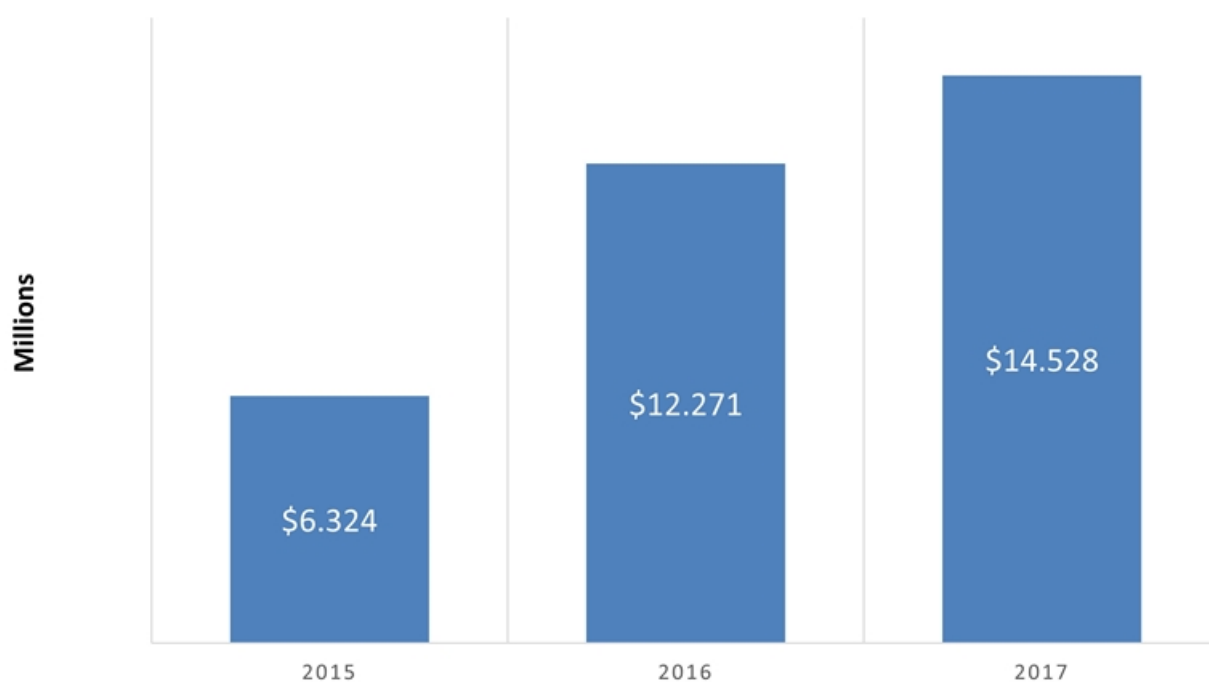
# Customer Profile – Columbia Gas of Ohio

- Aspire Energy has a seven year contract to provide natural gas to 80 Columbia Gas of Ohio meters.



# Aspire Energy Performance Results

## Gross Margin



Excludes Q1  
4/1/15 – Date of Acquisition



65





# Aspire Energy – Potential Growth Sectors

## Consumers Gas Cooperative

- Focus on agricultural sector primarily in Western Ohio which is home to the largest corn production in the state. Areas also have large poultry facilities with year-round usage.
- Pursue commercial loads and other large volume industrial users.
- Target expansion in growth regions in the state.

## Transmission Opportunities

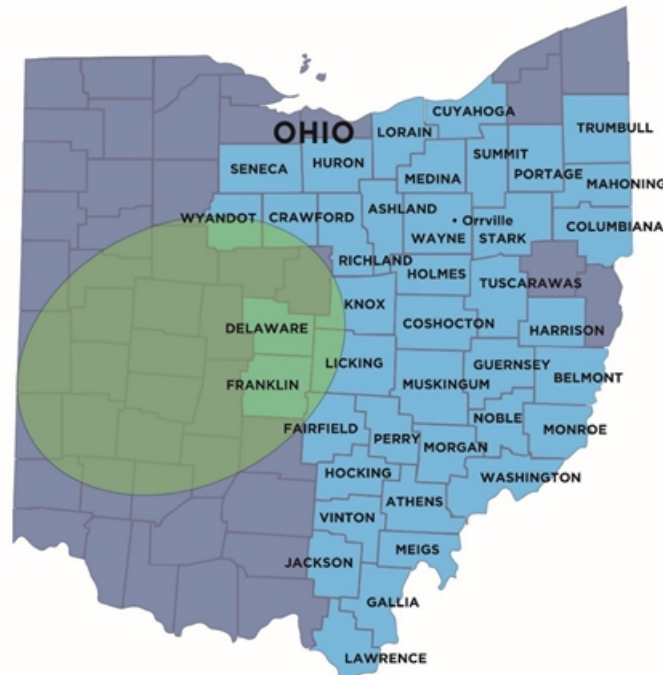
- Pursue intra/interstate pipeline opportunities preferably with associated downstream markets such as power plants, industrial consumers, and LDCs.

## Propane Services

- Upgrading existing processing plants' Mechanical Refrigeration Units (MRU) to include depropanizers that will extract marketable propane onsite.
- Leveraging propane extracted by MRUs will position the company to initiate and grow wholesale/retail propane services.
- Positions the company to grow outside of existing footprint through Community Gas System (CGS) projects where natural gas infrastructure is readily available.

## Acquisitions

- Opportunistic acquisitions to expand our footprint and to enhance our system capabilities.





# Regulatory Overview and Update

**CHESAPEAKE**  
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# Regulatory Strategy is a Key Component of our Corporate Strategy

- Regulatory Strategy is a Key Component of Corporate Strategy with a goal of Maximizing Shareholder Value
- This is accomplished through a variety of Regulatory actions
  - Attaining a positive and influential position with Stakeholders
  - Partnering with BU's on Strategy and Budgets to develop a Regulatory Plan
  - Making strategic filings to receive a return on and/or recovery of investments and acquisitions
    - Base Rates
    - Riders and surcharges
    - Revenue Normalization Mechanism
    - Regulatory Assets
  - 100% compliance with Commission Orders, Rules and Statutes



# Regulatory Contributions to Corporate Success

- In the last 2 years, the Regulatory group has successfully settled 3 rate cases 2 of which resulted in the largest base rate increase in the respective BU's history and the group successfully filed and received approval to construct and implement several large projects such as ESNG's 2017 Expansion Project which contributed to record earnings for the Company.
- In addition, the Regulatory team was successful in negotiating regulatory assets for Tax, Pension termination, and IT related costs as well as riders for propane to gas conversion costs and line relocates & PHMSA related costs.
- Finally, the Regulatory group has developed positive and collaborative relationships which have been key in receiving positive outcomes for not only base rate cases but also in settling cases such as the recent USA Expansion Area Rates at our LDC's.



# Unique Regulatory Provisions - Chesapeake Utilities & Sandpiper Energy

## Delivery Service Rates

Revenue Normalization (MD, SE) – Delivery service revenue is either increased or decreased to equate to a set amount per customer as approved in the last base rate proceeding

Expansion Area Rates (DE) – Higher customer charges in a designated area to enable expansion of infrastructure

- Eastern Sussex Expansion Rates (defined geographical area)
- Underserved Area (USA) Expansion Rates

Negotiated Rates (DE, MD, SE) – Individual rates to certain large customers, often higher than tariff rates, allowing for economic expansion to serve those customers

## Incremental Rates

Environmental Rider (DE) – Separate surcharge on customer bills to recover costs associated with remediation of environmental sites

Franchise Surcharge (DE) – Separate surcharge applicable to customers within specific city/town limits to recover the franchise fee paid to the city/town

Gas Cost Recovery (DE) – Provision allowing out-of-cycle adjustment to the gas cost rate if over/under collection of gas costs is outside of a designated band

System Improvement Rate (SE) – Separate surcharge on customer bills to recover the cost of bare steel replacement and the cost of distribution system conversion and customer conversions from propane to natural gas





# Status of Tax Rate Reserves for Refunds to Customers

YTD  
thru 6/30/2018  
Refunds and Reserves

Status 6/30/2018

FERC  
(ESNG)

\$1.7 MM

Refunded \$902K YTD

Delaware  
(DE - DNG)

\$641K

Filed  
PSC Reviewing Rates

Maryland  
(DNG- Sandpiper)

\$910K

\$783K  
Refunded in July 2018

Florida  
(FPU)

\$2.2MM

Natural Gas and  
Electric have both filed

(in thousands except per share)	Six Months Ended June 30, 2018		
	Pre-tax Income	Net Income	Earnings Per Share
TCJA Impact			
Income taxes - decreased effective tax rate	\$ -	\$ 5,262	\$ 0.32
Refunds and reserves for future refunds to ratepayers	(5,421)	(3,925)	(0.24)
Net TCJA Impact	\$ (5,421)	\$ 1,337	\$ 0.08





# Florida Business Unit Investor Day 2018



# Agenda



Florida Market

Business Unit Profile

Performance Results

Projects and Initiatives

**CHESAPEAKE**  
UTILITIES CORPORATION





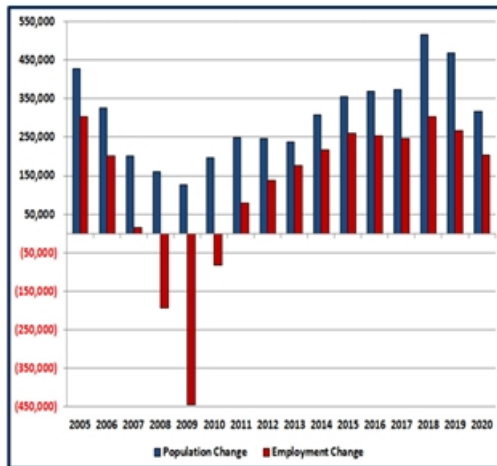
## Florida Market





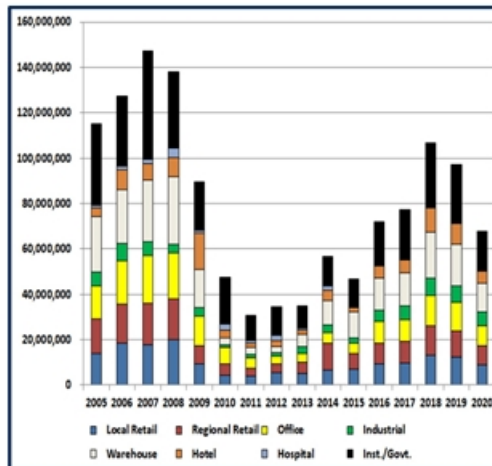
# Florida Key Growth Metrics

## Population and Employment



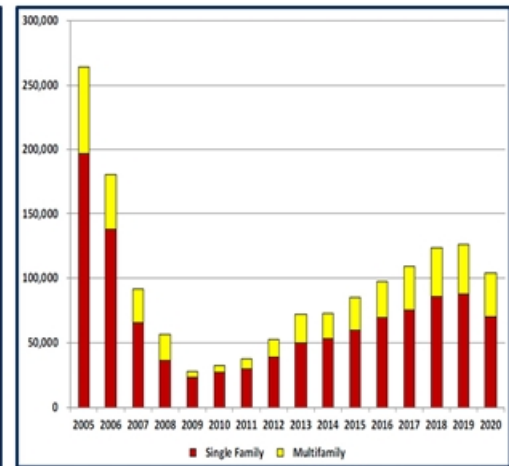
- Florida 3<sup>rd</sup> largest state - 21.3 million.
- 1,000 person per day growth rate.

## Commercial Sq. Ft.



- Significant construction activity in medical, industrial, and service markets.

## Housing Starts



- City sized developments underway again.
- Forecast downturn tied to interest rates.

November 2017 Fishkind & Associates, Inc.©





# Florida Energy Industry

## ■ Natural Gas

- Sabal Trail; Next Era Florida Southeast Connection pipelines in-service.
  - Next Era Indiantown to Riviera Beach Power Plant 24" pipeline moved to FSC.
- Companies are looking to develop a new transmission pipeline to South Florida.
- EMERA TECO/Peoples Gas and NextEra Florida City Gas acquisitions.
- Emerging LNG/CNG market.

## ■ Electric

- FPL acquisition of Gulf Power.
  - Implications for current and future Purchase Power Agreements.
- Capacity market remains long, generation development continues.
- Significant utility scale solar PV under development.
- Electrics are investing heavily in smart grid and storm hardening.
- Muni's a little unsettled (Vero Beach, JEA, etc.).



## ■ Propane

- Wholesale expansion.
- Small acquisitions.



## Florida Business Unit Profile



# Florida Business Unit Profile

- **Florida Public Utilities Company**

- Natural gas distribution
- Electric distribution

- **Central Florida Gas**

- Natural gas distribution

- **Peninsula Pipeline Company**

- Intrastate gas transmission

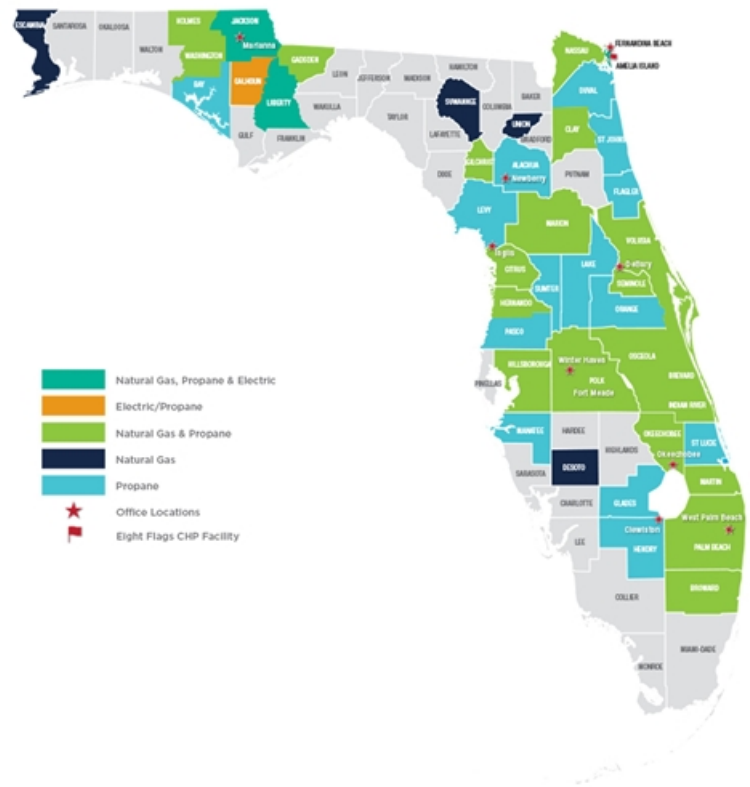
- **Flo-gas Corporation**

- Wholesale and retail propane

- **Eight Flags Energy, LLC**

- **Unregulated Energy Services**

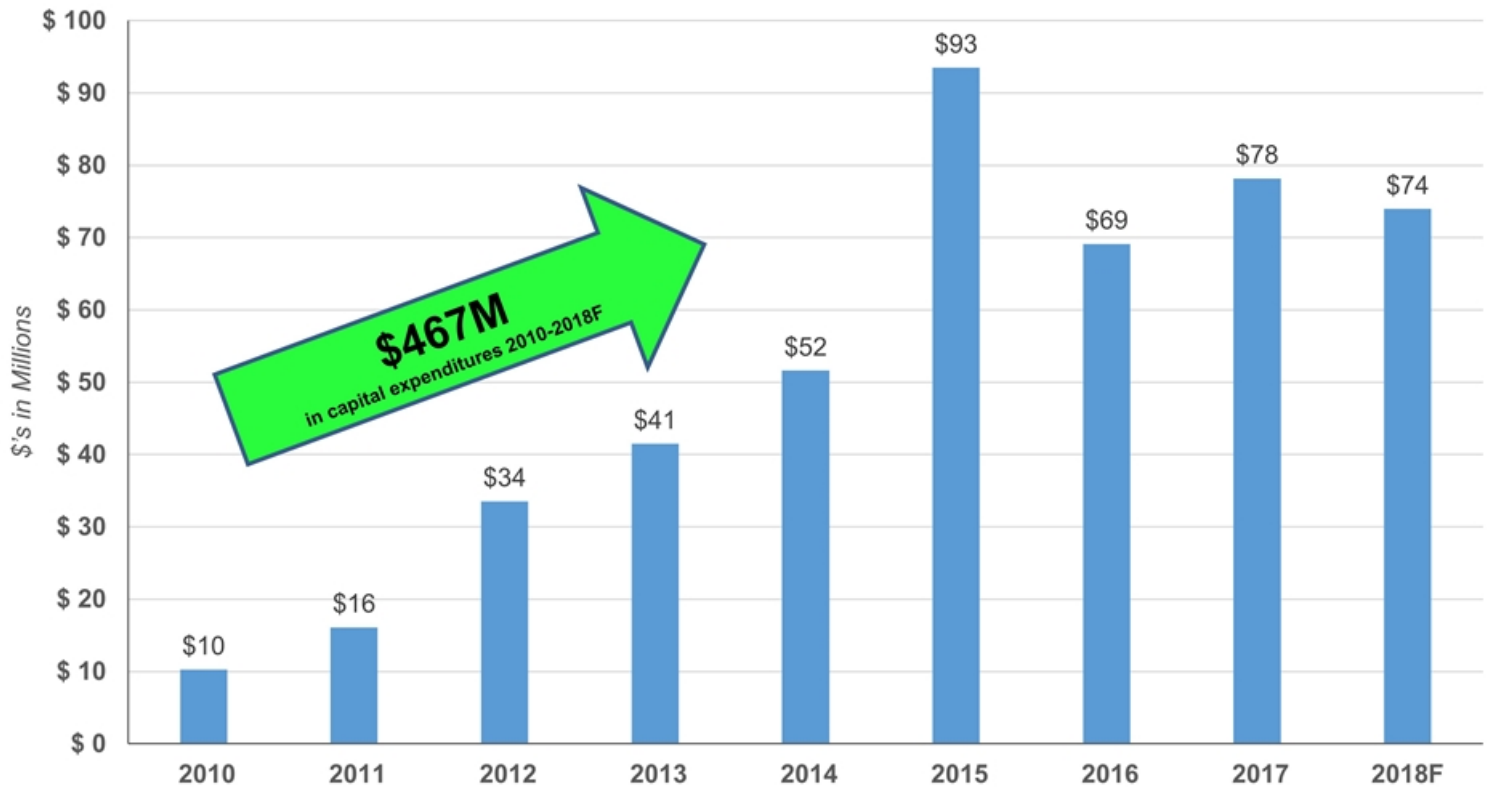
- Home warranty, surge protection, appliance sales and services



# Florida Strategy

- Consistent with the overall Chesapeake strategy.
- Aggressive, but disciplined, market search for investment opportunities.
  - Territory Expansion; GRIP; CHP; Electric Reliability
- Create an organization capable of executing and supporting project development.
  - Engineering; Finance; Regulatory; Project Management; Operations
- Execute a regulatory strategy that supports growth.
  - Inter-company project approval (PPC and CHP)
  - Cost recovery mechanisms (GRIP, Swing Charge)
- Obtain project margins that produce accretive, EPS growth.
  - Regulatory strategy and incremental customers.
- Balance the pace of growth to maintain reasonable returns and rate impacts.

# Florida Capital Expenditures



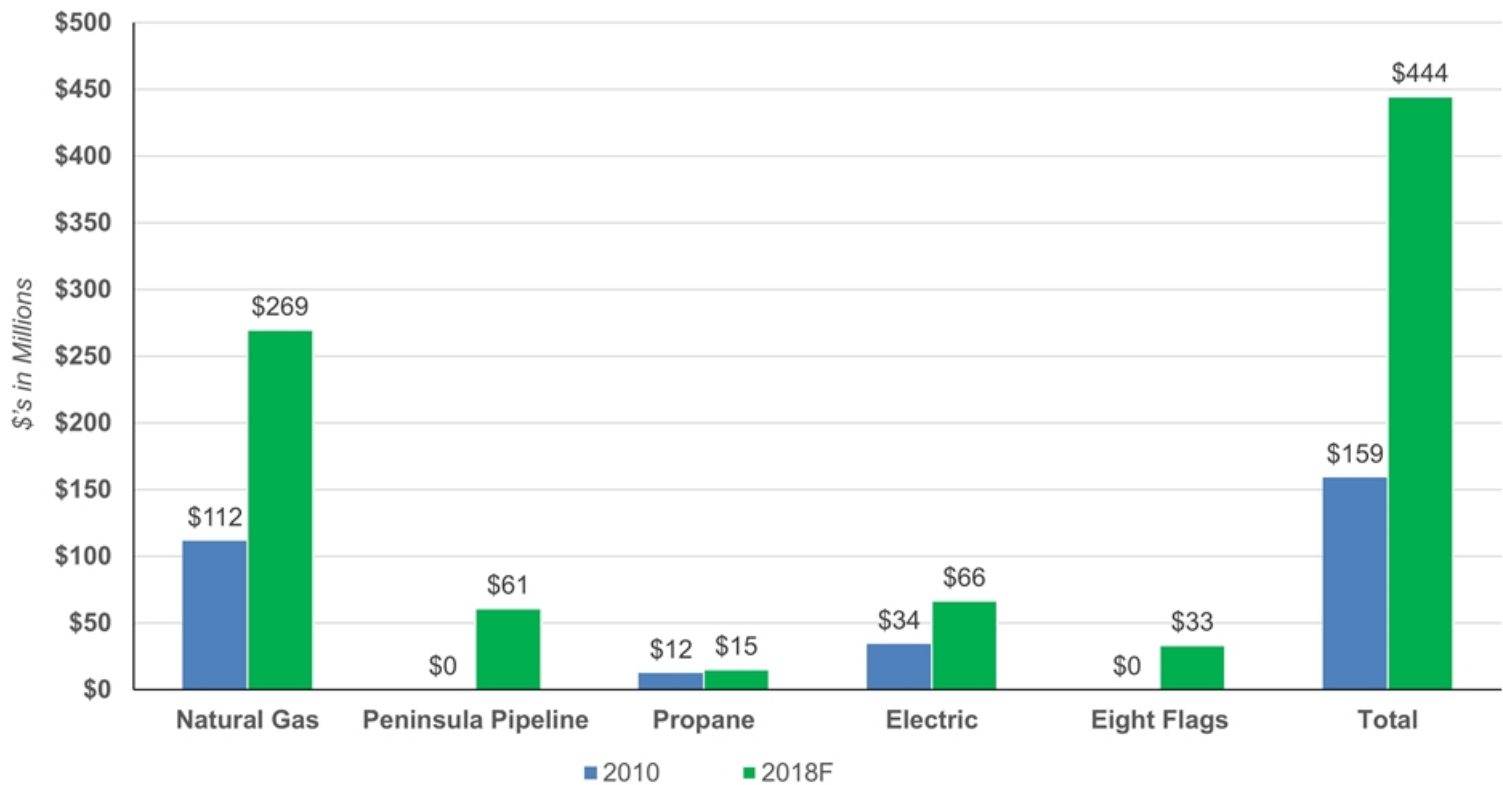
energized

80

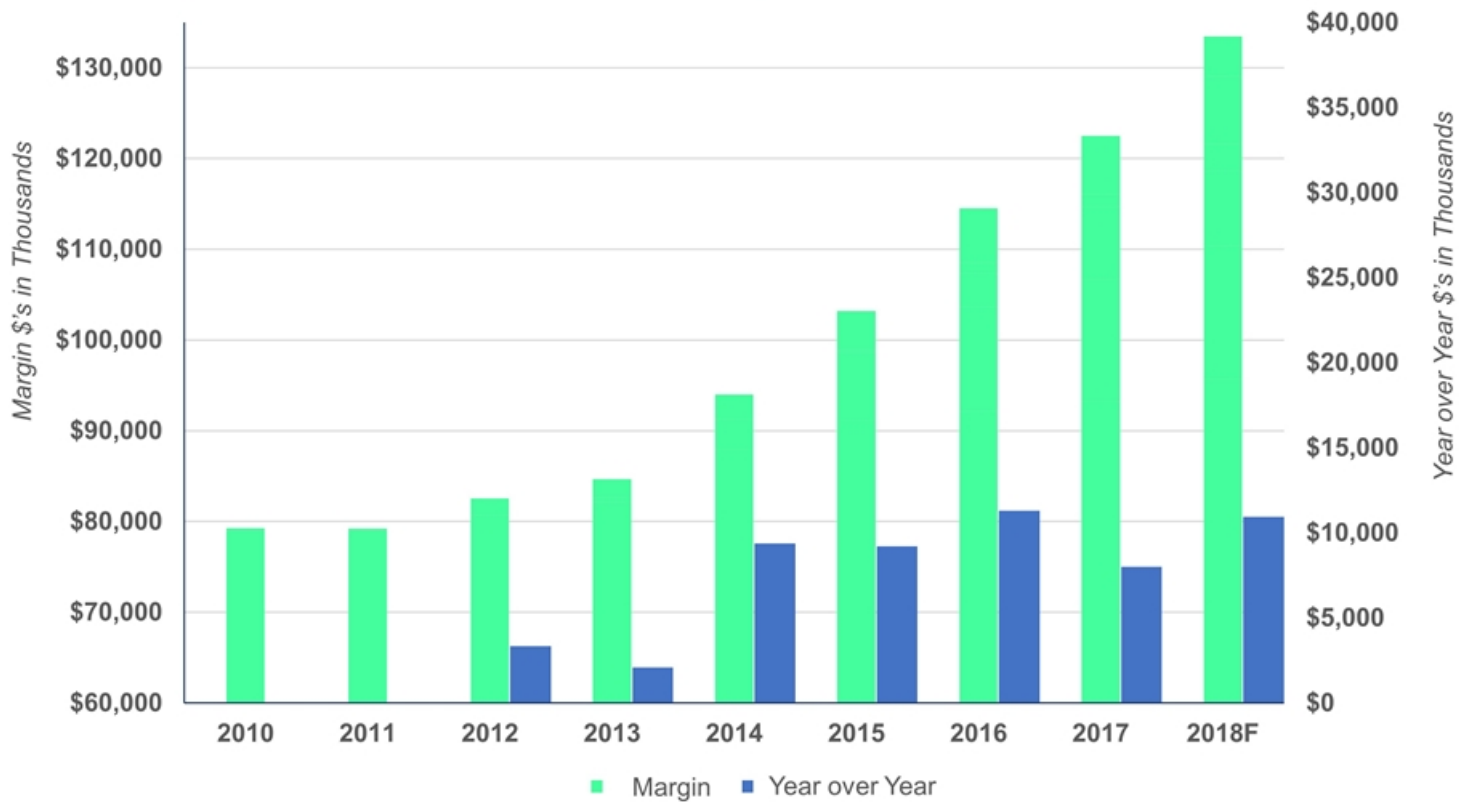




## 2010-2018F Florida Growth Average Capitalization



# Florida Margin Growth



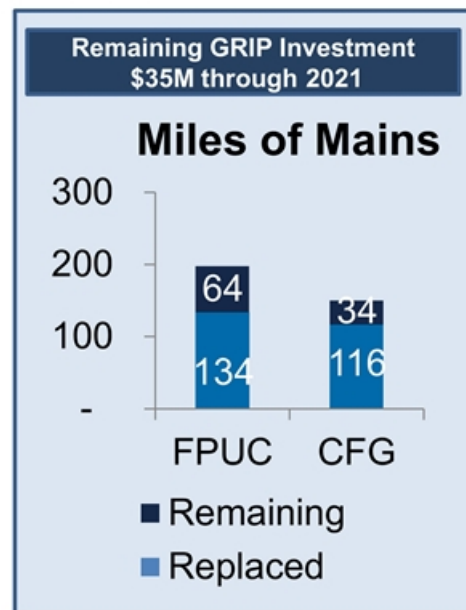
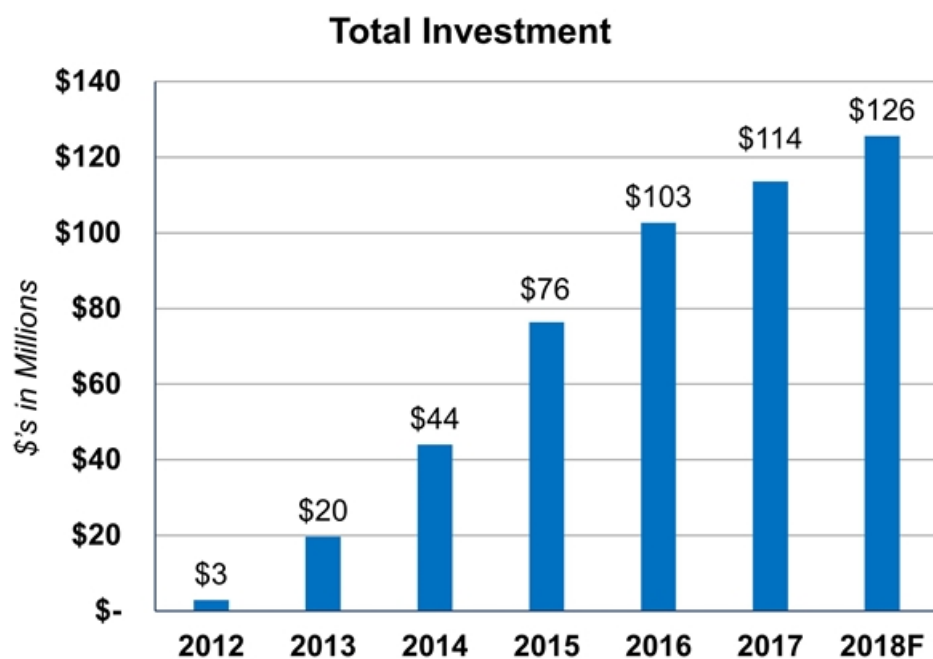
2018F Margins does not include an adjustment for a \$3.8M reserve for tax rate refund





## Projects and Initiatives

# Gas Reliability Infrastructure Program (GRIP)



# Florida Natural Gas Developments

2018 Florida Res Dev Signings – 2,428 homes  
\$3.6M capital investment

6,000+ total homes under contract  
\$9M capital investment

Westlake – Palm Beach County  
4,500 homes

Avenir – Palm Beach County  
3,250 homes

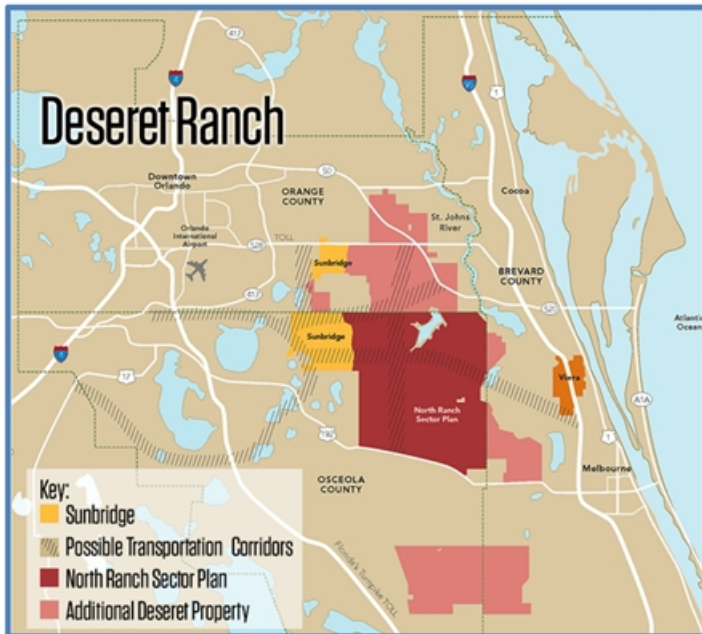
Wildlight – Nassau County  
3,000 homes





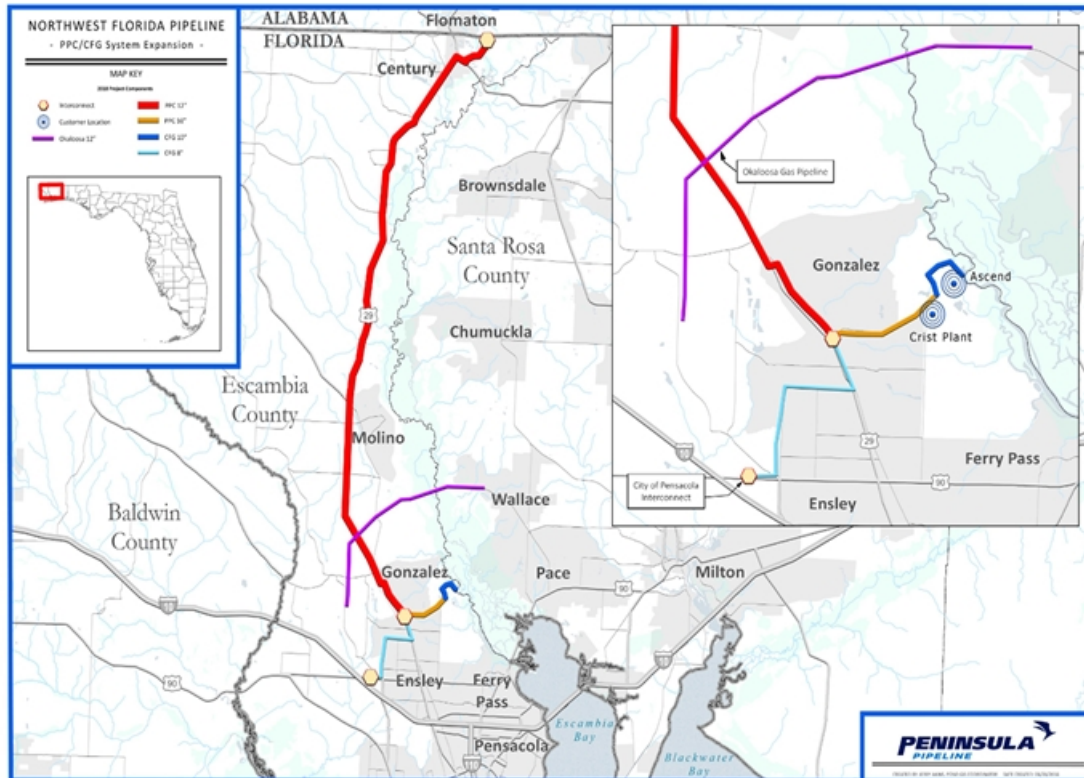
# Florida Natural Gas Development

## Deseret Ranch



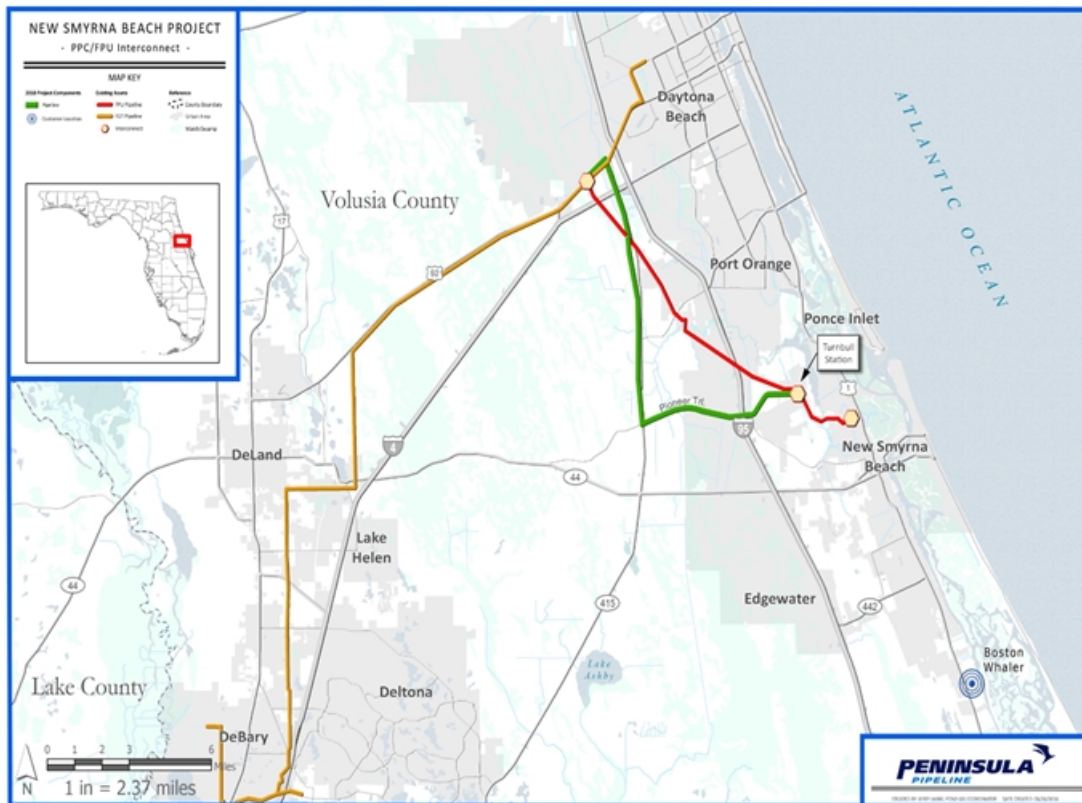
- **Property Ownership**
  - Land acquired in 1950 by the Mormon Church.
  - 295,000 acres, 250 square miles.
  - Location: Osceola, Orange and Brevard Counties
  - Current use: cattle, citrus, timber.
- **Project Scope**
  - City the size of Miami.
  - 2080 expected population: 493,000.
- **Sunbridge**
  - 37,000 homes and apartments, nearly 20 million square feet of commercial space and more than 3,000 hotel rooms.
  - Development timeline: 2018-2047.
- **North Ranch Sector Plan**
  - 133,000 acres in Osceola County.
  - 53% mixed-use development, 29% conservation lands, 13% agriculture, 5% reservoirs.
  - Development timeline: 2040-2080.

# PPC and CFG Northwest Expansion



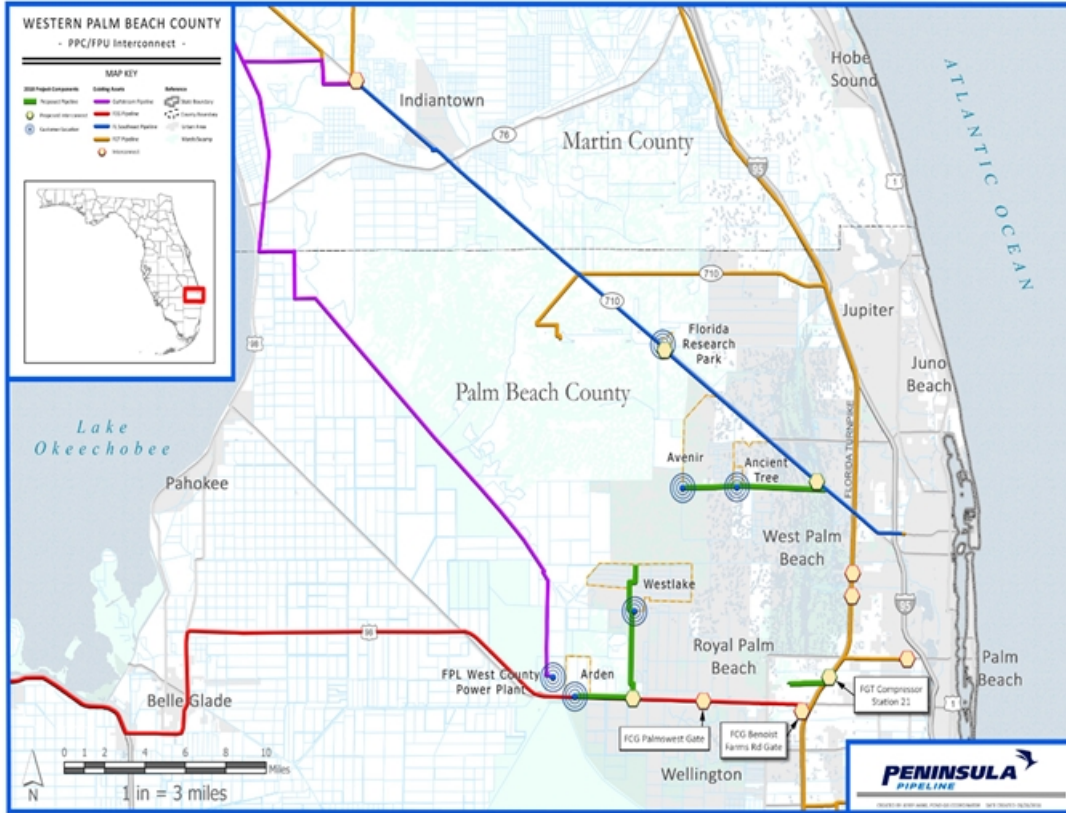
- PPC 12" transmission project to serve CFG Escambia County, Florida expansion.
- Anchor loads: City of Pensacola and Ascend Performance Materials.
- 115,500 dt/day capacity.; 105,500 dt/day under contract.
- \$44.3M total capital.
- \$6.6M annual margin.
- 16% IRR.
- In-service.

# PPC New Smyrna Beach Pipeline



- PPC project serves FPU.
- Increased pressure and volume for FPU growing distribution system.
- Resolves a pipeline integrity issue with former FGT lateral acquired by FPU in 2011.
- \$9M investment.
- \$1.4M annual margin.
- In-service.

# PPC Western Palm Beach County Expansion



- Four PPC projects to serve FPU distribution expansions in PBC.
- Resolves a pipeline integrity issue with former FGT lateral acquired by FPU in 2011.
- \$20M total investment.
- \$3.4M annual margin.
- Mid-2019 in-service.





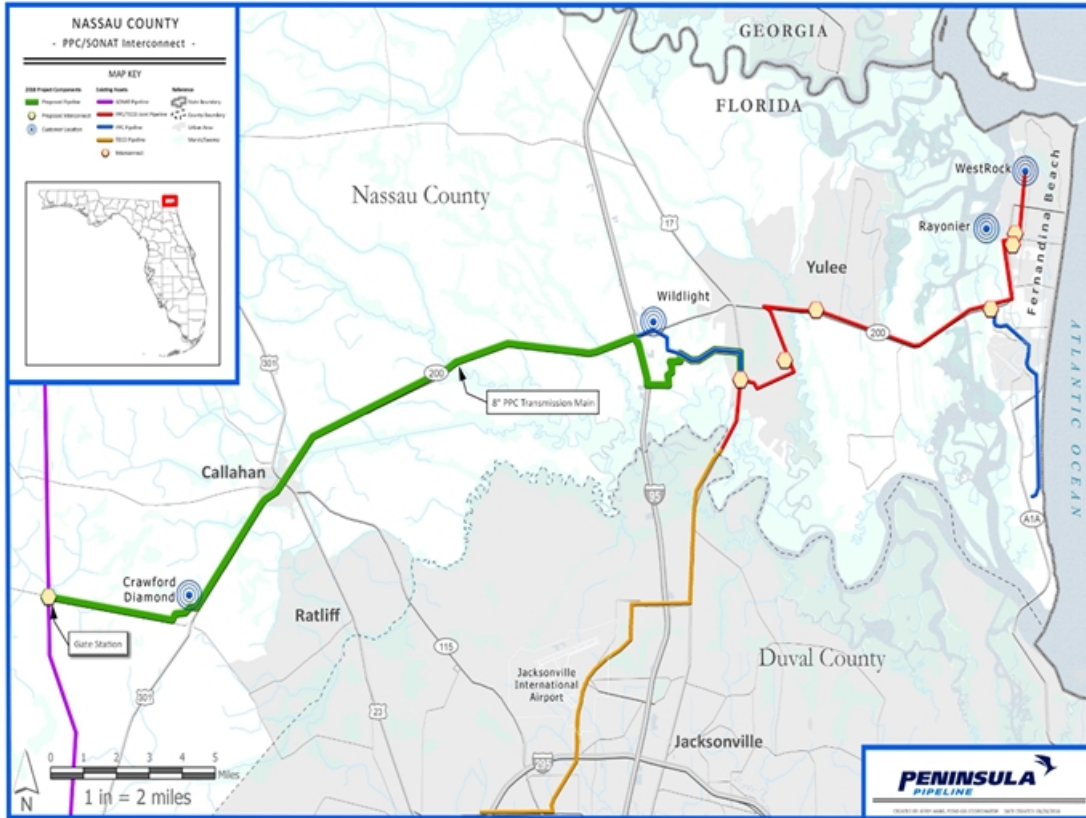
## Proposed Combined Heat and Power #2



- Potential 2<sup>nd</sup> CHP project on Amelia Island.
- Both Rayonier and West Rock paper mills are evaluating Chesapeake term sheets.
- FPL Interconnect is complete enabling FPU to wheel power to its NW Division.
- Similar capacity unit as 8 Flags – nominal 20MW; high pressure steam.
- \$45M investment (est.)



# Proposed PPC Nassau County Pipeline



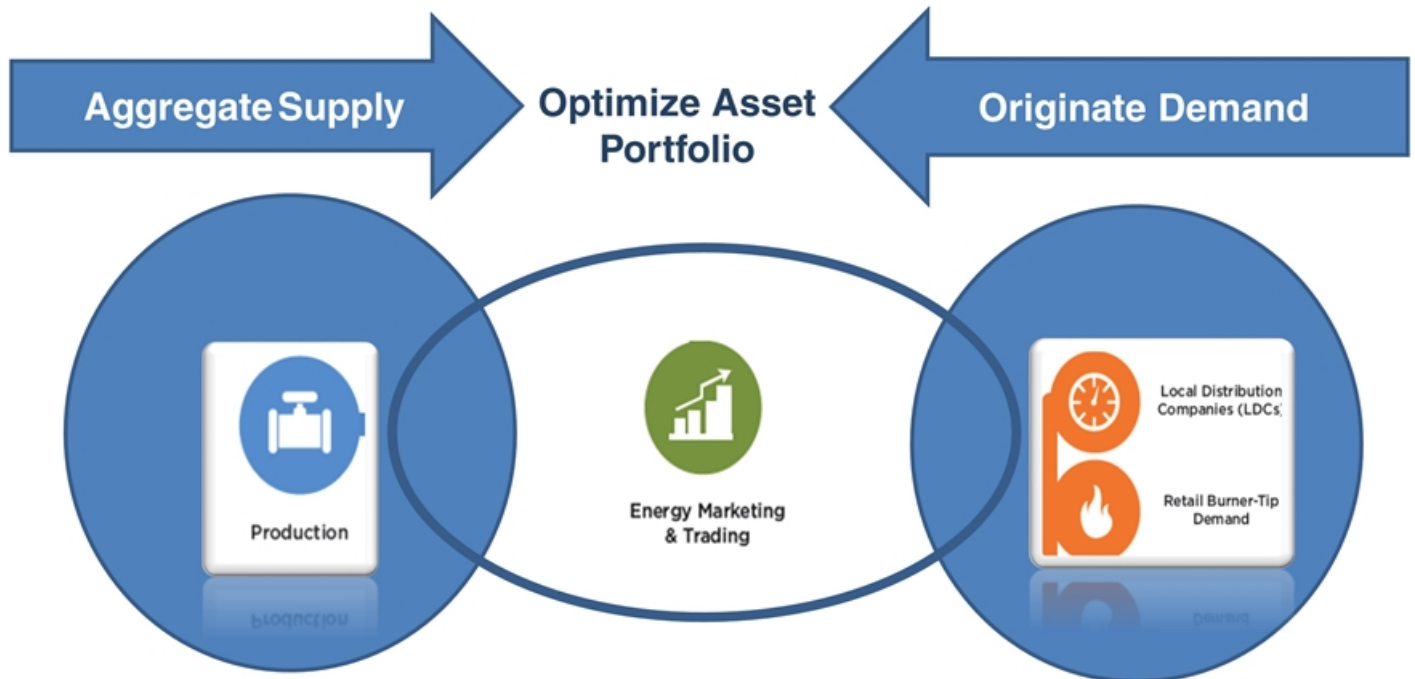
- PPC interconnect with SONAT and the existing PPC pipeline jointly-owned with EMERA Peoples Gas.
- Supports FPU load growth for additional CHP, Lignotech, Rayonier recovery boiler and other res and C&I growth.
- \$25M total investment (est.)



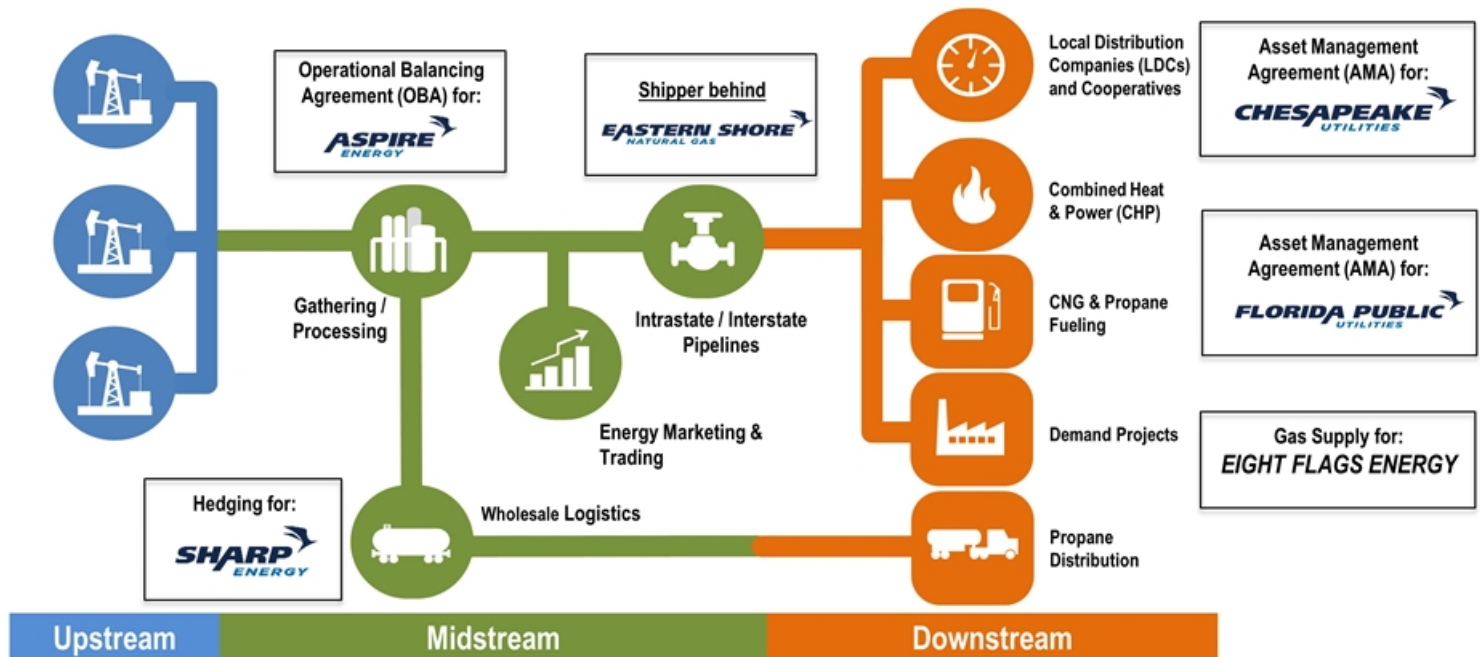
## Natural Gas Marketing - PESCO



# Strategic Business Unit Objectives Create Incremental Value



# Strategic Fit - Generating Margins With Other CPK Business Units



BU associated target margin – Aspire \$300 - \$500k, DNG \$1.0 - \$1.5 million, 8 Flags \$150 - \$300k, ESNG \$500k - \$1.0 million

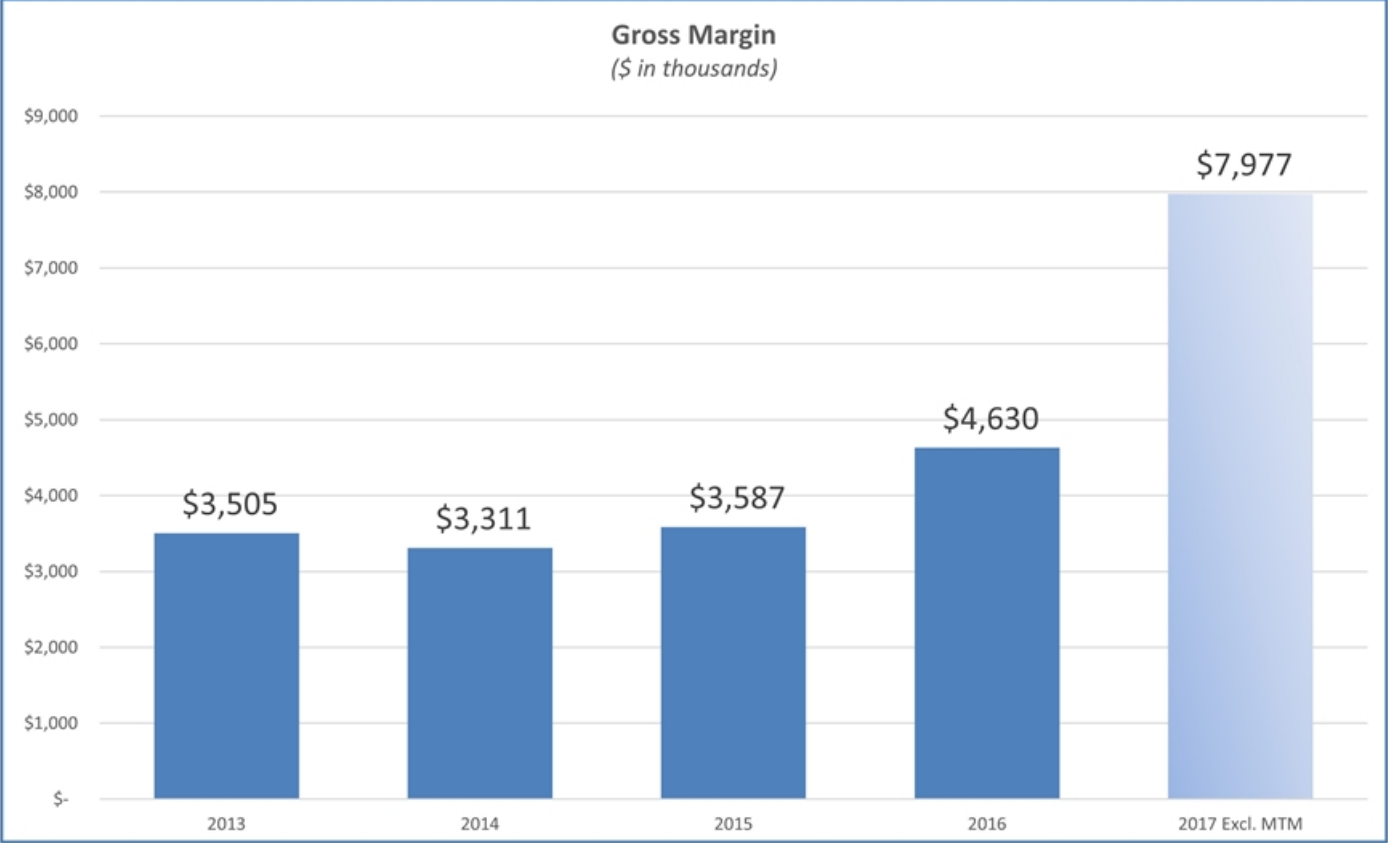
# Strategic Insights

- Our growth strategy continues to be impacted by significant fundamental changes in shale supply, demand, and new build infrastructure
- These changing market dynamics are supportive to our strategy:
  - **Aggregate Supply, Originate Demand, and Optimize Asset Portfolio**
- In order to achieve our targeted growth for PESCO, we need to grow organically across these disciplines
- Our regional growth plan uniquely positions us to take advantage of dislocations in markets caused by these fundamental factors
  - **Target markets: Southeast, Mid-Atlantic, Appalachian Basin, & Midwest**
- Our origination team has the capability to sell CPK's entire unregulated service offering in our target markets (propane, CHP, renewables and other PESCO offerings)



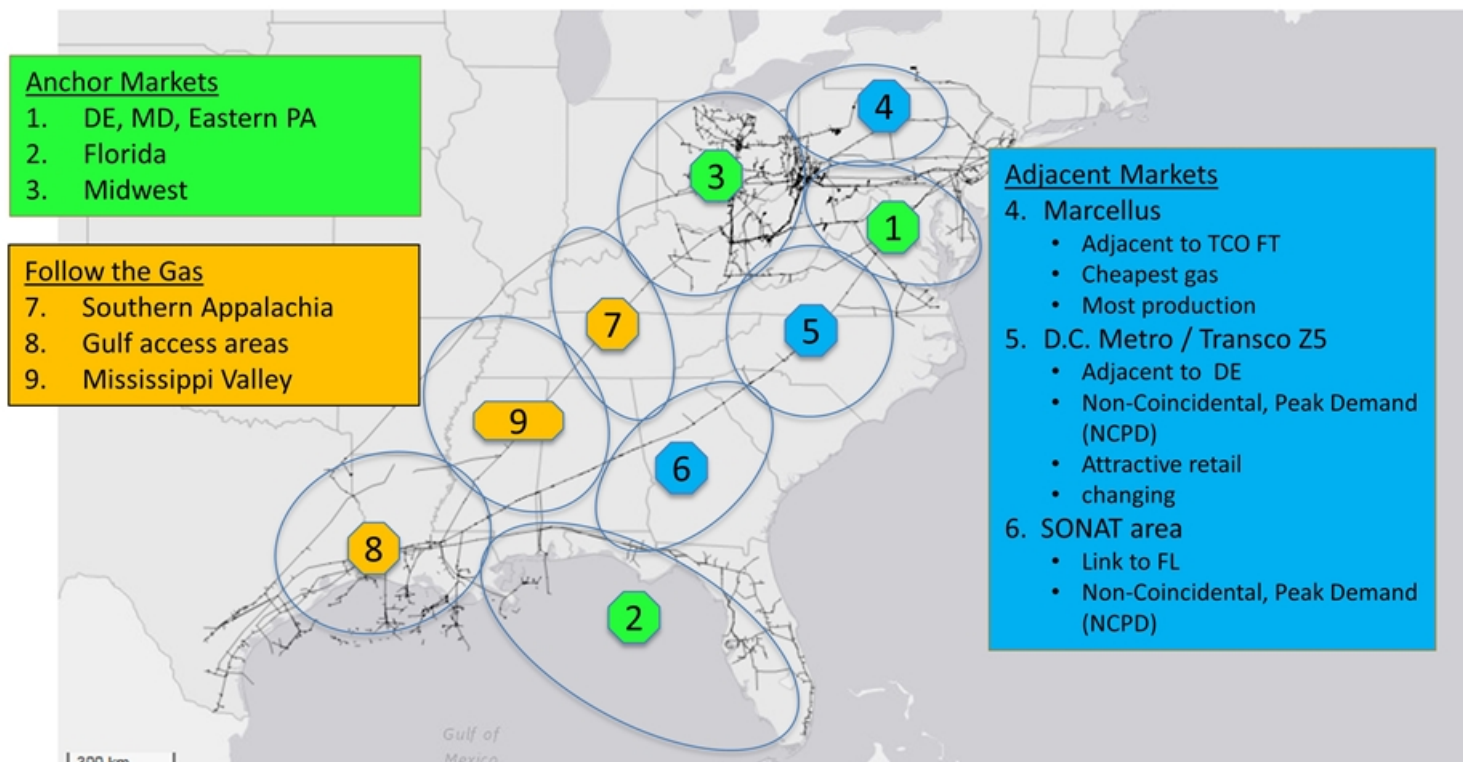


# Margin History



# Beachhead Project Locations of Interest - Nexus Points

*Beach Heads are defined as high priority transactions that anchor PESCO to market areas*





# Financial Review and Outlook

**CHESAPEAKE**  
UTILITIES CORPORATION



## Regulated Energy Operations

Operations	Areas Served	2017 Gross Margin (000's)	2017 EBIT (000's)	Total Assets (12/31/17) 000's)
<b>Natural Gas Transmission</b>				
Eastern Shore Natural Gas	Delaware/Maryland	\$57,421	\$24,851	\$245,644
Peninsula Pipeline	Florida	6,411	3,776	46,600
<b>Natural Gas Distribution</b>				
Delmarva Natural Gas	Delaware/Maryland	50,762	17,799	155,786
Florida Gas/FPU	Florida	72,297	22,624	256,102
<b>Electric Distribution</b>	Florida	20,711	4,110	63,547
<b>Total Regulated Energy</b>		<b>\$207,602</b>	<b>\$73,160</b>	<b>\$767,680</b>



## Unregulated Energy Operations\*

Operations	Areas Served	2017 Gross Margin (000's)	2017 EBIT (000's)	Total Assets (12/31/17) 000's)
Propane Distribution	Delaware, Maryland, Pennsylvania, Virginia and Florida	\$47,726	\$9,182	\$55,079
Natural Gas Transmission	Ohio	14,528	4,524	69,182
Electric & Steam Generation	Florida	7,993	2,641	37,951
Natural Gas Marketing & Services	Appalachian Basin, Mid-Atlantic, Southeast	2,212	(3,147)	13,850
Total Unregulated Energy		\$72,459	\$13,199	\$176,062

*\*Xeron's results have been excluded.*



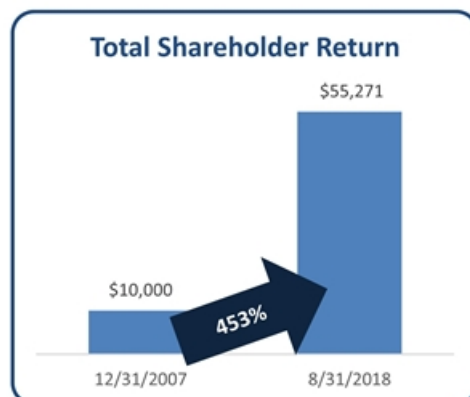
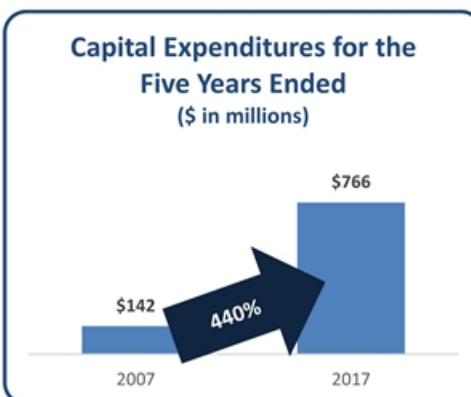
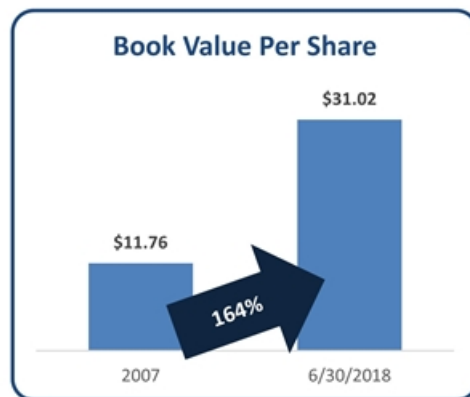


## 2017 Consolidated Results By Segment

Segment	Areas Served	2017 Gross Margin (000's)	2017 EBIT (000's)	Total Assets (12/31/17) 000's)
Total Regulated Energy	Delmarva and Florida	\$207,602	\$73,160	\$767,680
Total Unregulated Energy	Delmarva, Florida and Ohio	72,459	13,199	176,062
Other	Xeron, Other, etc.	(392)	(516)	336
Consolidated		\$279,669	\$85,843	\$944,079

# Strong Results over the Last Ten Years

## Financial Metrics for 2007 and 2017\*

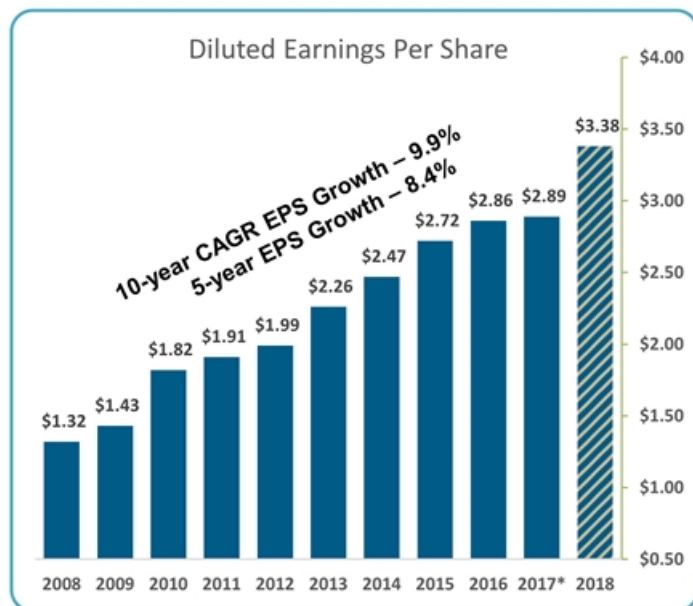


\* Except as Otherwise Noted.



# Earnings per Share

## Eleven Years of Consistent Growth



\*Represents Adjusted EPS.

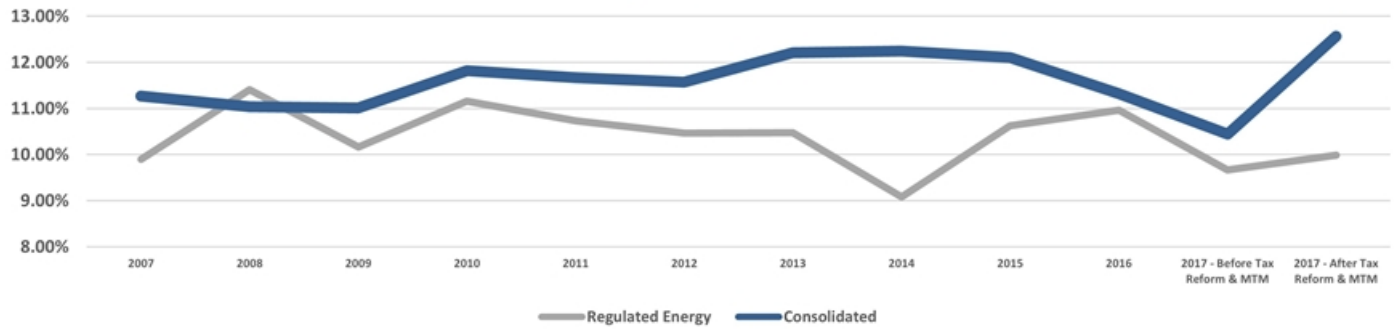
### Long-term EPS Growth Rates Through 2018 Estimate EPS of \$3.38

	Reported Earnings
5-year Growth Rate	8.4%
10-year Growth Rate	9.9%

- Affirm previous year end guidance for forecasted earnings per share growth of 17% plus in 2018 including tax reform and key projects (based upon 2017 Adjusted EPS of \$2.89)

# Historical ROE

## Return on Equity



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 - Before Tax Reform & MTM	2017 - After Tax Reform & MTM
<b>Regulated Energy</b>	9.90%	11.40%	10.17%	11.16%	10.73%	10.47%	10.48%	9.09%	10.62%	10.96%	9.66%	9.98%
<b>Unregulated Energy</b>	13.60%	7.61%	25.58%	18.81%	17.74%	24.07%	32.30%	30.50%	21.06%	10.86%	13.42%	26.11%
<b>Consolidated</b>	11.27%	11.03%	11.01%	11.82%	11.67%	11.57%	12.21%	12.24%	12.10%	11.32%	10.45%	12.56%

Our ROE from Unregulated Energy Segment increased Consolidated ROE by 120 basis points for the period 2007 through 2017. (11.7% Consolidated ROE versus 10.5% Regulated ROE).



# Gross Margin History



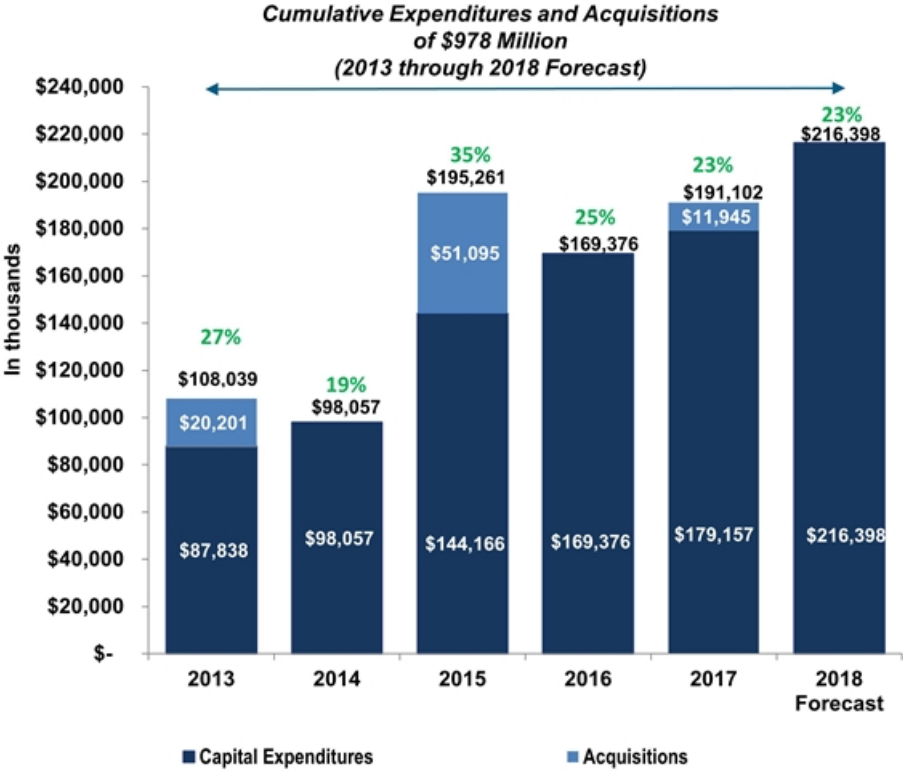
- Gross Margin Increased \$128 Million since 2010
- In the last 5 years, gross margin has increased approx. \$20M annually
- GM CAGR of 7.8% from 2010-2017 (7 years)



# Continuing to Build for the Future

## Capital Expenditures

Percentages Shown - CapEx/Capitalization



Capital Expenditures have averaged 25% of Total Capitalization over six years. The investments we have made more than doubled our Total Capitalization over this period.

\$ thousands	2018 Forecasted Capital Expenditures
\$110,813	Natural Gas Transmission
74,524	Natural Gas and Electric Distribution
20,772	Unregulated Energy
10,289	Corporate / Other
<b>\$216,398</b>	<b>Total Forecasted Capital Expenditures</b>

Capital spending 2018 forecast increased from \$182 million to \$216 million based on additional profitable opportunities.

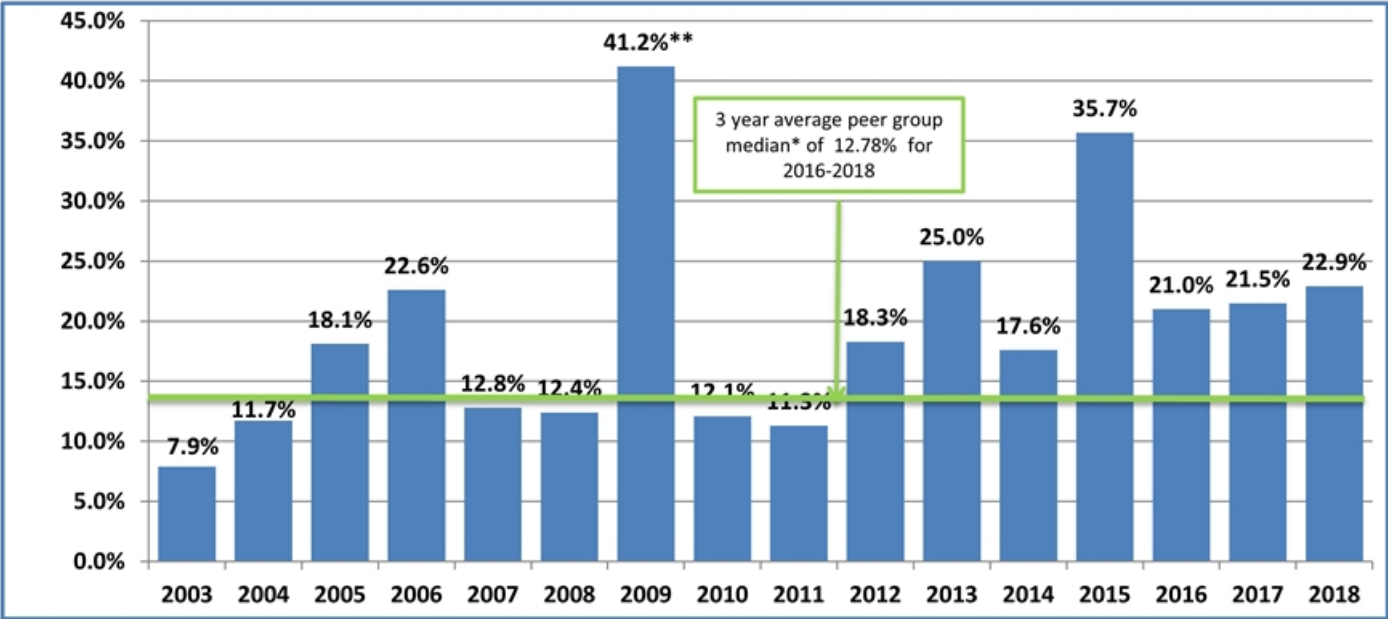
Capital expenditures for the six months ended June 30, 2018 were \$135 million.



# Investing in Growth

## Capital Expenditures as Percentage of Total Capitalization

We are aggressively seeking opportunities to invest capital to generate value for our customers and shareholders.



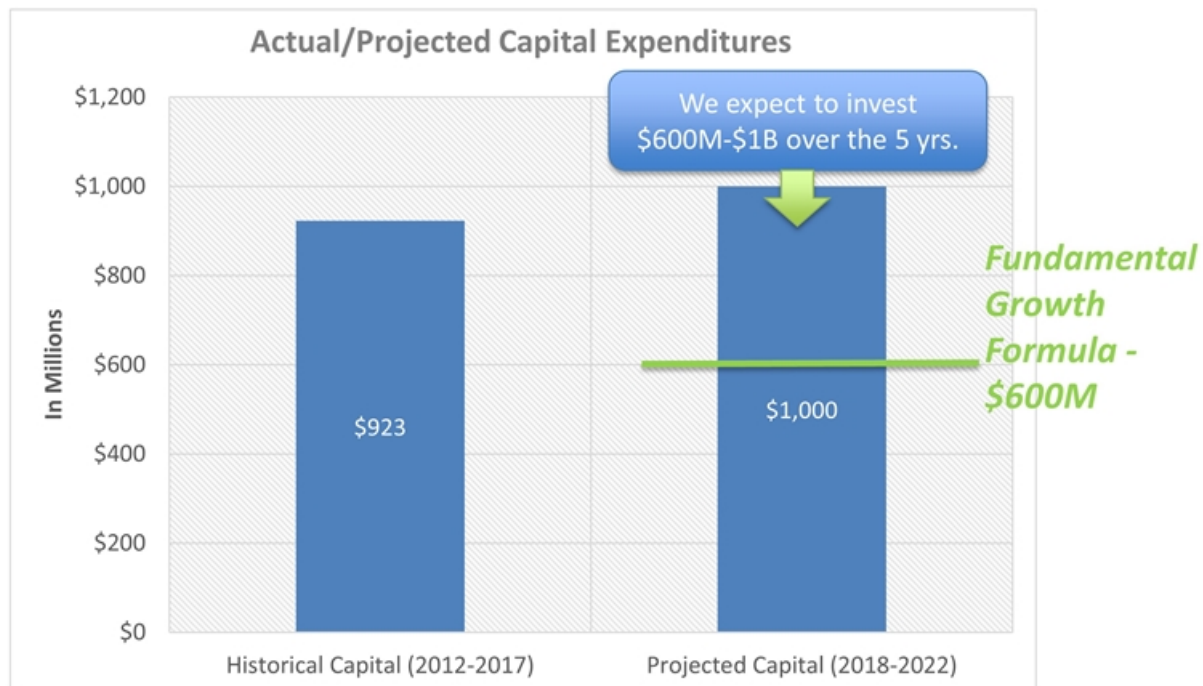
\*Named Peer Group includes the following companies: Atmos Energy Corporation; Spire Energy, Inc.; New Jersey Resources Corp.; Northwest Natural Gas Company; RGC Resources, Inc.; South Jersey Industries, Inc.; and WGL Holdings, Inc.; Black Hills Corp.; NiSource Inc.; Northwestern Corp.; ONE Gas Inc.; Unitil Corp.; Vectren Corp.

Results of Peer Group through June 30, 2018.

\*\*Includes FPU acquisition.



# Chesapeake Utilities – Capital Spending



# Major Projects and Initiatives

Expected to Produce \$33.6 Million in Incremental Margin (2017 vs. 2019)

(in thousands)	Gross Margin for the Period						
	Quarter	Quarter	Six Months	Six Months			
	Ended	Ended	Ended	Ended	Fiscal 2017	Fiscal 2018	Fiscal 2019
	June 30,	June 30,	June 30,	June 30,	Estimate	Estimate	Estimate
	2018	2017	2018	2017			
Florida GRIP	\$ 3,647	\$ 3,341	\$ 7,211	\$ 6,609	\$ 13,454	\$ 14,287	\$ 14,370
Eastern Shore Rate Case/ Settled Rates (1)	2,365	-	5,095	-	3,693	9,800	9,800
Florida Electric Reliability/Modernization Program (1)	352	-	767	-	94	1,558	1,558
New Smyrna Beach, Florida Project (1)	352	-	704	-	235	1,409	1,409
2017 Eastern Shore System Expansion Project (1)	859	-	1,995	-	433	8,101	15,799
Northwest Florida Expansion Project (1)	870	-	870	-	-	3,484	6,500
Western Palm Beach County, Florida - Expansion (1)	-	-	-	-	-	-	2,023
<b>Total</b>	<b>\$ 8,445</b>	<b>\$ 3,341</b>	<b>\$ 16,642</b>	<b>\$ 6,609</b>	<b>\$ 17,909</b>	<b>\$ 38,639</b>	<b>\$ 51,459</b>
	↓		↓		↓		↓
	▲ \$5,104		▲ 10,033		▲ \$20,730		▲ \$12,820

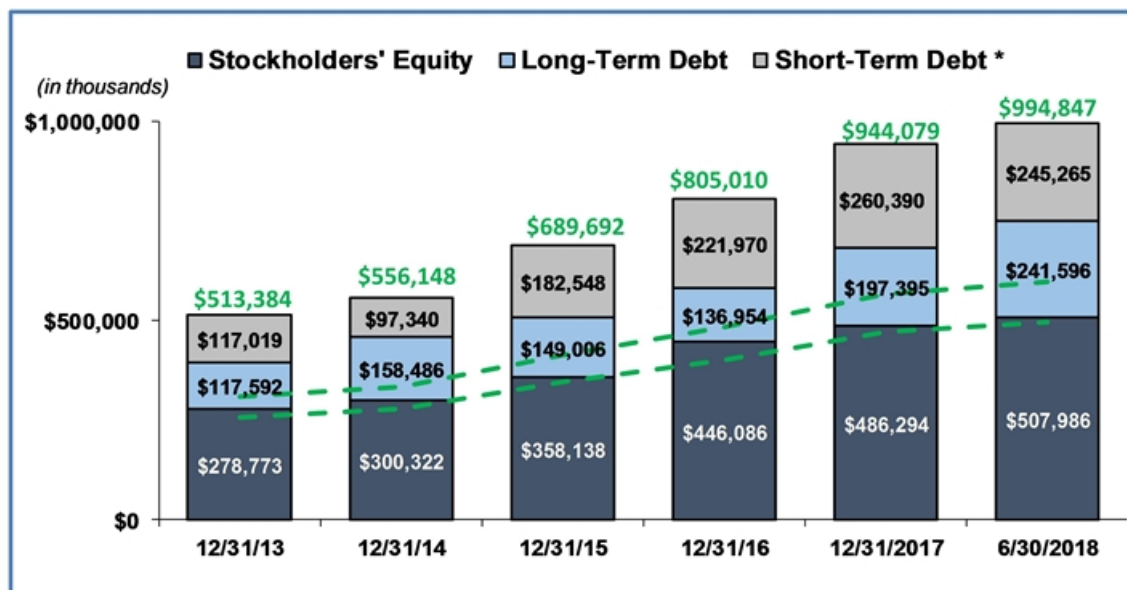
<sup>(1)</sup> Gross margin amounts included in this table have not been adjusted to reflect the impact of TCJA.

Any refunds and/or rate reductions implemented in the Company's regulated businesses will be offset by lower Federal income tax due to TCJA.



# Strong Balance Sheet to Support Future Growth

## Total Capitalization has Nearly Doubled in Five Years



Target Equity to  
Total Capitalization  
Ratio of 50% - 60%

Equity/Permanent Capitalization	70.3%	65.5%	70.6%	76.5%	71.1%	67.8%
Equity/Total Capitalization	54.3%	54.0%	51.9%	55.4%	51.5%	51.1%

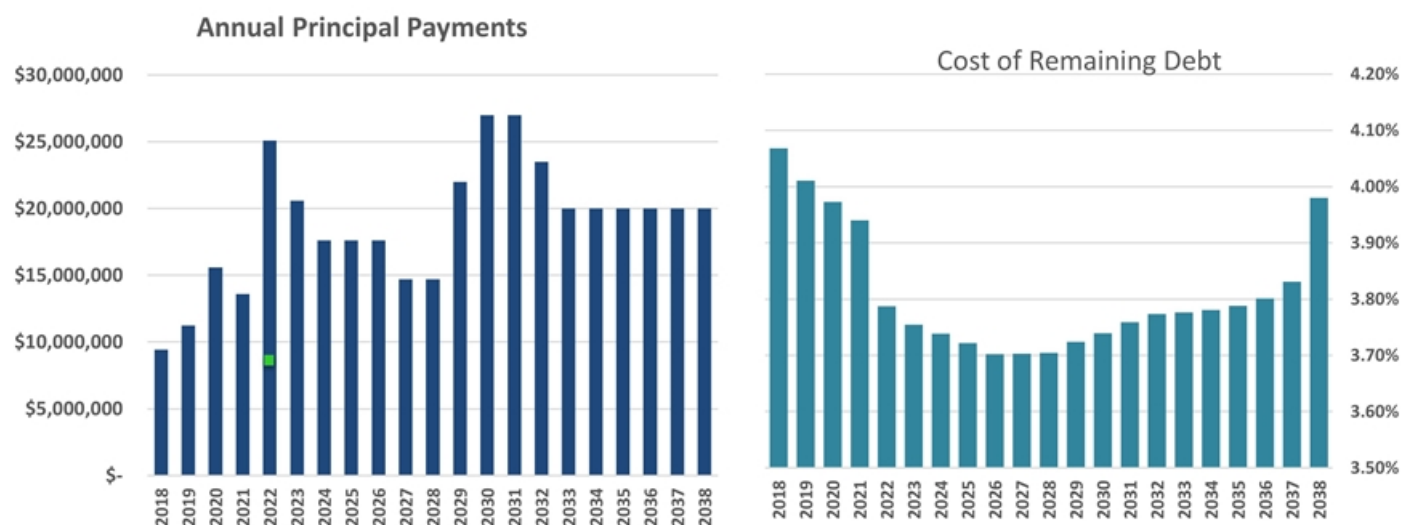
\* Short-Term Debt includes Current Portion of Long-Term Debt





# Long-term Debt Maturity Schedule

## Annual Principal Payments and Cost of Remaining Debt



**Total long-term debt with new issues \$407 MM**

**Committed \$340 MM new long-term debt since 2013 at an average rate of 3.72% and average life of 12.9 years.**

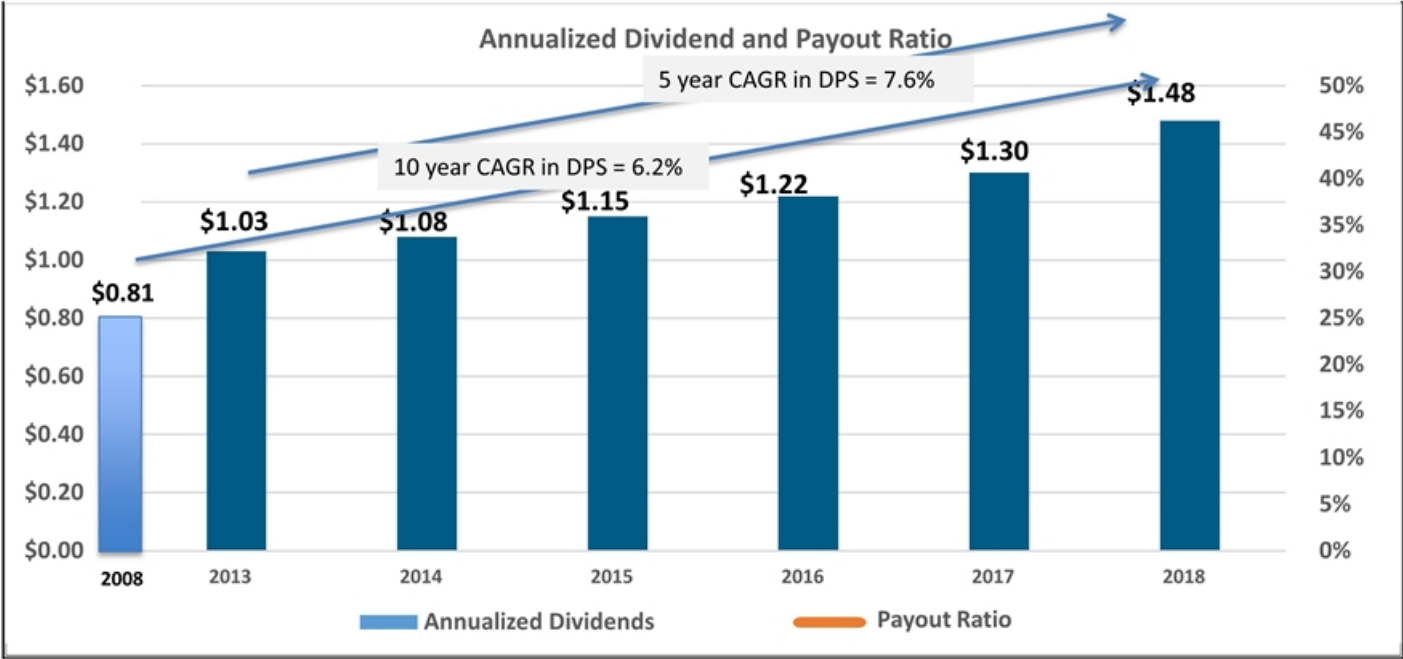
2022 amortization includes \$8.0 million FPU 9.08% legacy note.

# Anticipated Financing Plans Through 2022

- A significant portion of our capital spending will be funded internally given our high earnings retention rate
- Current plan does call for additional long-term permanent financing through 2022
- We will issue permanent financing to support achieving our target equity to total capitalization (including short-term debt) remains 50-60 percent
- We will continue to utilize our committed short-term lines of credit to provide flexible, cost-effective financing until projects are placed in service
- Private Placement Shelf Agreements
  - \$50 Million long-term debt placement committed to fund in November 2018
  - \$100 Million long-term debt placement committed to fund in August 2019
  - \$250 Million in Available Shelf Agreement Capacity
- Equity offering may be necessary in 2019 as current projects under construction are fully-in service

# Dividend Growth Continues

## Dividend and Dividend Payout Ratio – With Room to Grow



5 Year Average Dividend Payout = 43%  
10 Year Average Dividend Payout = 46%

# Chesapeake Utilities Corporation - Execution

## Chesapeake Utilities Corporation

Period Ended 8/31/2018	Total Return (Annualized)			Earnings Growth (CAGR)			Dividend Growth (CAGR)			Retention Rate		
	Industry			Industry			Industry			Industry		
	CPK	Average	Rank of 44	CPK	Average	Rank of 44	CPK	Average	Rank of 44	CPK	Average	Rank of 44
1 Year	10%	2%	10	20.1%	7.0%	3	13.8%	5.5%	1	59%	40%	3
3 Years	22%	15%	4	8.5%	5.9%	9	8.8%	5.4%	5	57%	39%	3
5 Years	21%	12%	1	9.0%	4.7%	7	7.6%	5.2%	10	57%	39%	2
10 Years	17%	9%	1	10.1%	3.7%	3	6.2%	4.6%	17	54%	39%	4
15 Years	13%	9%	3	7.9%	4.4%	7	4.8%	4.2%	14	48%	39%	13
20 Years	12%	7%	2	8.4%	3.9%	3	4.1%	3.0%	13	42%	39%	19
25 Years	10%	6%	4	6.5%	3.7%	6	3.9%	2.5%	10	40%	34%	13
Beat Target/Industry	8 of 8	8 of 8		8 of 8	8 of 8		8 of 8	8 of 8		8 of 8	8 of 8	
2017-2021E	10%	8%		8.5%	5.2%		7.9%	5.2%		54%	38%	

- Consistently exceeds targets for total return, EPS and DPS growth and payout
- Superior return compared to industry; average rank of 3.5 out of 44 for total return
- Earnings growth 40 to 290 percent higher than the industry average
- Dividend growth 14 to 250 percent higher than the industry average

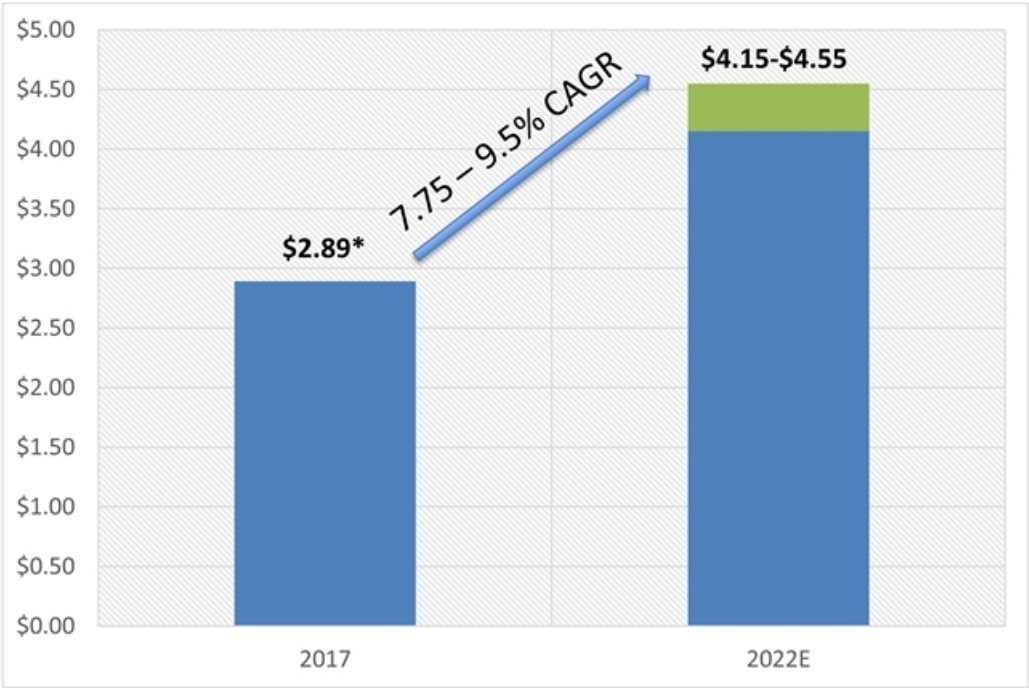
### Notes:

- Total Return is calculated without dividend reinvestment
- First Call consensus estimate used for 2018 earnings; all other earnings numbers reflect "adjusted earnings (for all companies)
- Dividend payout is calculated using dividends paid divided by adjusted earnings
- 2017-21 (Earnings Growth) = CAGR in consensus estimated EPS for 2021 over actual, adjusted EPS for 2017

Source – McManus Financial



# Chesapeake Utilities - EPS Outlook



Key Assumptions:

- Capital Expenditures approximately \$600M-\$1B
- Normal weather conditions
- Maintain target capitalization range of 50% to 60% Equity
- Dividend Payout Ratio approximates 45%
- Dividend per share growth supported by EPS growth

\*Based on 2017 Adjusted Earnings per Share



energized



# Investment Highlights

## A High Growth Energy Delivery Investment Proposition

### Strong Foundation

- \$1.4 Billion in assets: 84% regulated and 16% in unregulated complementary businesses
- Strong balance sheet and high retention rate for reinvestment

### Superior Earnings Growth

- CAGR in EPS of 8.4% (5 years) and 9.9% (10 years)
- Opportunity for continued growth at this level going forward

### Energized Engaged Employees

- Total return of 22% (5 years) and 19% (10 years)
- 5 Year dividend growth of 7.6% (13.8% increase in 2018)
- Proven ability to identify profitable growth opportunities

### Positioned for Continued Growth

- \$216 million in capital spending planned for 2018
- 2019 capital budget to be disclosed in early 2019
- \$600 million to \$1 billion in targeted spending (2018-2022)





## Closing Remarks



# Well positioned for 2019 and beyond!

- Strong Company culture driven by energized employees
- Successful implementation of growth strategy led by a deep management bench
- Strategic platform for growth supports our strategy and execution
- Opportunities exist for continued growth
- Disciplined execution of growth investments



**Thank You!**





# Appendix





## Corporate Depth

- Office of the General Counsel (including Legal, Regulatory and Security) – Jim Moriarty
- Customer Care – Nicole Carter
- Information Technology – Vikrant Gadgil
- Safety, Communications and Human Resources – Lou Anatrella
- Accounting, Finance and Investor Relations – Beth Cooper

# Office of the General Counsel - Overview

- The office was established in March of 2015 and is responsible for all legal, government relations, corporate governance, regulatory, and security matters
- Our General Counsel chairs the Company's Growth Council, Risk Management Committee and Security Council, while other team members actively participate in cross-functional groups
- We work closely with Company leadership to respond to significant challenges in the energy industry, and to develop and implement our growth strategies, including adjustments to the Company's operations
- Our goal is to provide value added services to our stakeholders through expertise and efficiency
- We have a broad reach across the enterprise serving a range of stakeholders
- We are positioning for sustainable practices and sound risk management

# Office of the General Counsel - What We Do

- We develop strong and positive relationships with the members of the senior management team, as well as with business unit leaders and other employees across the enterprise
- We continue to foster and develop strong and positive relationships with legislators, regulators, key industry players and others in the community
- We are a trusted advisor and confidant and maintain an open door policy to all team members on any subject matter
- We are comprised of hard working, bright people who do the right thing
- We value being a member of the team and are comfortable advocating or taking strong positions when appropriate
- We advise on activities that enable the Company to leverage existing and new relationships
- We bring structure and uniformity to contracts, transactions and commercial relationships across the Company
- We generate awareness of legal review and continue to lower the transactional risk across the organization
- We have facilitated free flow of legal and regulatory information and advice between departments by centralizing and standardizing processes and discussions
- Outreach efforts across the organization continue to strengthen cross-functional dialogue



# Living our Culture

## Corporate Governance Accolades



### 2018 Best North American Utility for Corporate Governance

- *Ethical Boardroom* magazine named us the Best North American Utility for Corporate Governance
- Our commitment to a culture that promotes integrity and accountability, along with hard work and dedication of our team, is the foundation for our continued success

### 2017 Governance Team of the Year

- We took top honors at the *Corporate Secretary* magazine's 10th annual Corporate Governance Awards ceremony in NYC on November 9, 2017 for Governance Team of the Year (small to mid-cap sized companies)
- We are committed to the highest ethical standards, compliance and best practices in corporate governance, which are embedded in the Company's culture and values

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Other award winners included Apple, Eli Lilly and Company, Honeywell, Intel Corporation, Microsoft, PepsiCo, Visa and USAA.

# Safety, Communications, and Human Resources

- Chief Human Resources Officer established in 2017.
- Combined Human Resources, Safety, and Communications teams in May of 2018.
- Together, we are responsible for all corporate health and safety programs; Company brand management; internal and external communications; engagement, culture, and talent management; compensation and benefits; and employee and labor relations.
- Our CHRO chairs the Employee Benefits Committee, sponsors the Company's Leadership Development Academy, and is involved in the Company's Growth Council.
- We Enable Success through Leadership (We are a Powerful Catalyst for Change) by understanding the business strategy in order to drive the people strategy





## Promoting Our Brand Values



## Our Strategic Priorities



# Information Technology

## Creating Scale & Supporting Growth

### **Highlights :**

- Build People, Process and Systems infrastructure to support growth
- Utilize technology to create scale and achieve efficiencies.
- Realize efficiencies and speed through a balance of capabilities between corporate functions and Business Units

### **Business & Information Services:**

- Basic IT services including Telephony, Networks, Workplace Technology, Productivity Tools, eMail
- Provide support to end users on technology needs including office productivity applications and mobile devices
- Support a growing business and geographic footprint.
- Delivering business enabling technology projects such as Mobile Work Orders, Budgeting and Planning, Billing Systems, Customer Portal
- Support applications and enhancements in all functional areas and business units
- Provide secure and reliable IT infrastructure through sound Cyber Security practices



# Information Technology

## Creating Scale & Supporting Growth

### ***Enterprise Project Management Office :***

- Enterprise Project Management Office was created to support large capital and enterprise projects.
- The team is staffed with Project Management professionals and are tasked with establishing strong project management capability and processes and to lead assigned projects.
- The team continues to support enterprise, facilities and capital projects directly and indirectly.
- With about a billion dollar capital spend projected over 5 years, project management excellence is a key capability for effective delivery of the projects underpinning this investment.

### ***Procurement :***

- Created a Corporate procurement department in 2017
- Hired procurement leader and identified opportunity across over \$ 200 million of addressable annual spend.
- Executive advisory council in place to guide multiple sourcing initiatives across categories ranging from Travel, Pipes and MRO.
- Potential of \$ 10 million in savings in both capital and expense.
- Developing capabilities in sourcing, streamlining purchase and contracting processes and enhancing vendor interactions.
- Expecting gain in processes efficiency and purchasing leverage to enhance value.



# Customer Care

- Chesapeake's customer strategy is guided by our Service Excellence Model:
  - Safety, WOW, Presentation, and Delivering Results
- The Voice of the Customer (VOC) program allows us to gain insight on customer sentiment, identify areas of strength, areas customers would like to see improved, and new service offering opportunities.
  - VOC analytics and metrics include Customer Satisfaction, Transactional Net Promoter Score, Customer Effort, First Contact Resolution, Internal customer experience, and Quality scores.
- Chesapeake strives to balance customer innovation with fiscal responsibility.
- Business transformation in technology will allow Chesapeake to marry the best of the human interactions and digital capabilities.

# Finance Team

## Key Services

- Treasury Services
  - Cash management
  - Credit management (evaluation and monitoring)
  - Financing (debt and equity)
  - Risk management and insurance
  - Investor relations
- Internal Audit
  - Enterprise Risk Management
  - Operational audit
  - Internal control environment (evaluate effectiveness and monitoring)
  - SOX compliance
- Financial Planning & Analysis
  - Budget and forecast compilation and analytics
  - Assisting with strategic initiatives, including review of financial models
  - Enhance analytics
- Accounting System and Process Improvement
  - Accounting system administration
  - Project coordination and support for process improvements
  - Project management, prioritization and execution



# Finance Team

## Supporting the Business

- Accounting
  - Business Unit Accounting (Delmarva regulated, Florida regulated, unregulated)
    - General ledger and plant accounting
    - Analytics and reconciliation
    - Revenue, sales, franchise and property taxes
    - Regulatory annual reports (FERC forms)
  - Shared Services
  - Accounts Payable
  - Corporate Accounting & Allocations
- Financial Policy
  - Technical accounting
    - Evaluate regulatory and accounting treatment of Company initiatives
  - Analysis and financial support
  - Evaluate Company's compliance with emerging GAAP and potential impact
  - Liaison with business units, rates and regulatory group, and accounting as it relates to regulatory matters
- Financial Reporting and Tax Compliance
  - Internal reporting to management and Board of Directors
  - External SEC reporting (10-Q, 10-K, earnings release)
  - Stand-alone financial statements
  - Income tax compliance
  - Payroll tax compliance



## Regulatory Information



# ESNG Regulatory Snapshot

<b>Commission Structure:</b>	5 commissioners <ul style="list-style-type: none"><li>• Full-Time</li><li>• Presidential Appointment</li></ul>
<b>Regulatory Jurisdiction:</b>	FERC
<b>Base Rate Proceeding:</b>	
Delay in collection of rates subsequent to filing application	Up to 180 days
Application date associated with the most recent permanent rates	1/27/2017
Effective date of permanent rates	8/1/2017
Rate increase (decrease) approved	\$9.8M, exclusive of TCJA impact
Stay-out Provision	3 years, expires April 1, 2021

# Regulatory Snapshot - Chesapeake Utilities

	Chesapeake - Delaware Division	Chesapeake - Maryland Division
<b>Commission Structure:</b>	<b>5 commissioners</b> Part-Time Gubernatorial Appointment	<b>5 commissioners</b> Full-Time Gubernatorial Appointment
<b>Regulatory Jurisdiction:</b>	Delaware PSC	Maryland PSC
<b>Base Rate Proceeding:</b>		
Delay in collection of rates subsequent to filing application	60 days	180 days
Application date associated with the most recent permanent rates	12/21/2015	5/1/2006
Effective date of permanent rates	01/01/2017 <sup>1</sup>	12/1/2007 <sup>2</sup>
Rate increase (decrease) approved	\$2.25 million	\$648,000
Return on Equity approved	9.75%	10.75%
<sup>1</sup> The Delaware Division, as directed by the DE PSC, filed proposed rates reflecting the benefits of the corporate income tax decrease from 35% to 21%, showing an annual rate reduction of approximately \$1.12M. However, the DE PSC has not yet responded to the Company's proposal.		
<sup>2</sup> Maryland Division's delivery service rates were subsequently changed, effective 05/01/2018, due to the impact of the TCJA.		

## Area Expansion –USA Rates (2017)

- New rate schedules were established for residential and small-to-medium commercial customers in designated Underserved Areas (USA)
- USA rates include an incremental \$25.50 per month added to the customer charge, which allows the Company to extend service economically to more areas where natural gas is not available
- Eligible customers will remain on USA rates for 13 years

## Tax Cuts and Jobs Act (2018)

- Maryland Division was directed by the MD PSC to file revised rates reflecting the benefits of the corporate income tax decrease from 35% to 21%
- The total impact on Maryland Division's revenue requirement from this income tax change was an annual revenue reduction of approximately \$472K
- As a result of rate reductions, an average residential heating customers' bill will decrease by approximately \$32 per year

# Regulatory Snapshot - Sandpiper Energy

Sandpiper Energy	
Commission Structure:	5 commissioners
	Full-Time
	Gubernatorial Appointment
Regulatory Jurisdiction:	Maryland PSC
Base Rate Proceeding:	
Delay in collection of rates subsequent to filing application	180 days
Application date associated with the most recent permanent rates	12/01/2015
Effective date of permanent rates	12/01/2016 <sup>1</sup>
Rate increase (decrease) approved	Revenue Neutral <sup>2</sup>
Return on Equity approved	Not Specified

<sup>1</sup>Sandpiper's delivery service rates were subsequently changed, effective 05/01/2018, due to the impact of the TJCA.

<sup>2</sup>Represents results for Year 1. The settlement agreement in Sandpiper's most recent rate case provided for an annual revenue reduction that is proportionally related to the projected number of customers converted from propane to natural gas service each year.

## Tax Cuts and Jobs Act (2018)

- Sandpiper was directed by the MD PSC to file revised rates reflecting the benefits of the corporate income tax decrease from 35% to 21%

- The total impact on Sandpiper's revenue requirement from this income tax change was an annual revenue reduction of approximately \$500K

- As a result of rate reductions, an average residential heating customer's bill will decrease by approximately \$50 per year





# Regulatory Snapshot – Florida Public Utilities

## Florida Public Utilities – Natural Gas Units

Commission Structure: 5 commissioners

Full-Time

Gubernatorial Appointment

Regulatory Jurisdiction: Florida PSC

Base Rate Proceeding:

Delay in collection of rates subsequent to filing application  
 FPUC 13 months  
 CFG 6 months

Application date associated with the most recent permanent rates  
 FPUC 12/17/2008  
 CFG 7/14/2009

Effective date of permanent rates  
 FPUC 1/14/2010  
 CFG 1/14/2010

Rate increase (decrease) approved  
 FPUC \$7.96M  
 CFG \$2.53M

Return on Equity approved  
 FPUC 10.85%  
 CFG 10.8%

### Tax Cuts and Jobs Act (2018)

- The Florida Public Service Commission (FPSC) has not issued an order, but they are evaluating options for adjusting rates in response to the impacts created by the TCJAT.
- The Commission decided to attach jurisdiction effective February 6, 2018.
- On February 23, 2018, the FPSC opened individual dockets on every distribution company (gas and electric) to consider the tax impacts associated with TCJA. The FPSC has set a target date 4th quarter 2018 for final resolution of the disposition of the tax impacts for the natural gas companies.
- FPUC's natural gas units are not operating under any settlement agreements in regards to the TCJA. The potential impacts have been calculated, but no final decision has been made internally and no discussion has occurred with the FPSC regarding the plan for disposition of the tax impacts



# Regulatory Snapshot – Florida Public Utilities

## Florida Public Utilities – Electric Unit

Commission Structure:	5 commissioners
	Full-Time Gubernatorial Appointment
Regulatory Jurisdiction:	Florida PSC
Base Rate Proceeding:	
Delay in collection of rates subsequent to filing application	6 months
Application date associated with the most recent permanent rates	07/03/2017 <sup>1</sup>
Effective date of permanent rates	1/1/22/2018
Rate increase (decrease) approved	\$1.56M
Return on Equity approved	10.25%

<sup>1</sup>Limited Proceeding The settlement agreement in provides for an annual revenue recovery for Storm Hardening of the grid and the FPL Interconnect.

### Tax Cuts and Jobs Act (2018)

- The Florida Public Service Commission (FPSC) has not issued an order, but they are evaluating options for adjusting rates in response to the impacts created by the TCJAT.
- The Commission decided to attach jurisdiction effective February 6, 2018.
- On February 23, 2018, the FPSC opened individual dockets on every distribution company (gas and electric) to consider the tax impacts associated with TCJA. The FPSC has set a target date of the 1st quarter of 2019 for final resolution for the electric companies.
- FPCU's electric division is under an Order (PSC-2017-0488-PAA-EI), resulting from the settlement of the electric limited proceeding (Docket No. 20170150-EI), which prescribes the applicability, timing, and treatment of the implications of TCJA.



# Regulatory Snapshot

	Chesapeake Utilities - Delaware Division	Chesapeake Utilities - Florida Division	FPU Natural Gas	FPU Electric	Chesapeake Utilities - Maryland Division	Eastern Shore	Sandpiper
<b>Regulatory Agency:</b>	Delaware PSC	Florida PSC	Florida PSC	Florida PSC	Maryland PSC	FERC	Maryland PSC
<b>Commission Structure:</b>	5 commissioners	5 commissioners	5 commissioners	5 commissioners	5 commissioners	5 commissioners	5 commissioners
	Part-Time	Full-Time	Full-Time	Full-Time	Full-Time	Full-Time	Full-Time
	Gubernatorial Appointment	Gubernatorial Appointment	Gubernatorial Appointment	Gubernatorial Appointment	Gubernatorial Appointment	Presidential Appointment	Gubernatorial Appointment
<b>Base Rate Proceeding:</b>							
Delay in collection of rates subsequent to filing application	60 days	90 days	90 days	90 days	180 days	Up to 180 days	180 days
Application date associated with the most recent permanent rates	12/21/2015	07/14/2009	12/17/2008	07/03/2017	05/01/2006	1/27/2017	12/02/2015
Effective date of permanent rates	01/01/2017	01/14/2010	01/14/2010 <sup>(1)</sup>	01/03/2018	12/01/2007	08/01/2017 <sup>(2)</sup>	12/01/2017
Annual rate increase approved <sup>(6)</sup>	\$2,250,000	\$2,536,300	\$7,969,000	\$1,558,050	\$648,000	\$9,800,000 <sup>(2)</sup>	N/A <sup>(7)</sup>
Rate of return approved <sup>(6)</sup>	9.75% <sup>(3)</sup>	10.80% <sup>(3)</sup>	10.85% <sup>(3)</sup>	10.25% <sup>(3), (4)</sup>	10.75% <sup>(3)</sup>	Not Stated <sup>(2)</sup>	Not Stated <sup>(5)</sup>

<sup>(1)</sup> The effective date of the order approving the settlement agreement, which adjusted the rates originally approved on June 4, 2009.

<sup>(2)</sup> Eastern Shore filed an uncontested settlement agreement with the FERC in December 2017. FERC approved the settlement agreement by letter order on February 28, 2018. The order will be deemed final upon the expiration of the right to rehearing on March 30, 2018.

<sup>(3)</sup> Allowed after-tax return on equity.

<sup>(4)</sup> The terms of the settlement agreement for the FPU electric division limited proceeding with the Florida PSC prescribed an authorized return on equity range of 9.25 to 11.25 percent, with a mid-point of 10.25 percent. The FPU electric division cannot file for a base rate increase prior to December 2019, unless its allowed return on equity is below the authorized range and it experiences an unanticipated and unforeseen event that impacts the annual revenue requirement in excess of \$800,000 within any contiguous four-month period.

<sup>(5)</sup> The terms of the agreement include revenue neutral rates for the first year, followed by a schedule of rate reductions in subsequent years based upon the projected rate of propane to natural gas conversions.

<sup>(6)</sup> The table reflects rate increases and rates of return approved prior to the enactment of the TCJA on December 22, 2017. See Item 8, *Financial Statements and Supplementary Data* (Note 18, *Rates and Other Regulatory Activities* and Note 11, *Income Taxes* in the consolidated financial statements) for further discussion on the impact of this legislation on our regulated businesses.

<sup>(7)</sup> The Maryland PSC approved a declining return on equity that will result in a decline in our rates.