

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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): August 6, 2020

Chesapeake Utilities Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-11590
(Commission
File Number)

51-0064146
(I.R.S. Employer
Identification No.)

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

19904
(Zip Code)

Registrant's telephone number, including area code: 302. 734.6799

Not Applicable
Former name or former address, if changed since last report

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - par value per share \$0.4867	CPK	New York Stock Exchange

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

Item 7.01 Regulation FD Disclosure.

On August 6, 2020, Chesapeake Utilities Corporation (the “Company”) posted a presentation that was used during its conference call to discuss the Company’s financial results for the second quarter ended June 30, 2020 on its website (www.chpk.com) under the “Investors” section. This presentation is being furnished as Exhibit 99.1 to this Current Report on Form 8-K (this “Report”).

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 pursuant to the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

Exhibit Numbers	Description
99.1	2020 Second Quarter Earnings Call Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

August 7, 2020

By: Beth W. Cooper
Name: *Beth W. Cooper*
Title: *Executive Vice President and Chief Financial Officer*

Chesapeake Utilities Corporation

Driven By

Second Quarter 2020
Earnings Conference Call
August 6, 2020

Commitment
Growth
Leadership
Safety
Sustainability
Solutions
Energy
Strength
Team
Service
Performance
Community
Value

Presenting Today:



*Jeff Householder
President & CEO
jhouseholder@chpk.com*

*Beth Cooper
Executive Vice President,
CFO and Asst. Secretary
bcooper@chpk.com*



*Jim Moriarty
Executive Vice President, General
Counsel, Corporate Secretary and
Chief Policy and Risk Officer
jmoriarty@chpk.com*

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. You should refer to the additional information contained in Chesapeake Utilities' 2019 Annual Report on Form 10-K, the Form 10-Q for the quarter ended March 31, 2020 filed with the SEC and other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

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

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

COVID-19 Impact: At this time, we cannot fully quantify the impact that the Coronavirus Disease 2019 ("COVID-19") will have on the economy, and more particularly, on Chesapeake Utilities Corporation ("Chesapeake Utilities" or the "Company"). The earnings and capital estimates we have included herein do not reflect any estimates of the potential impact. For the second quarter and year-to-date we have provided financial accounting estimates of the short-term impact of COVID-19. As we gain further clarity on the disruption to our operations caused by COVID-19, including the impact on our projected gross margin, EPS estimates, timing of capital expenditures, etc., we will update our guidance as necessary.

Employees

- Social distancing protocols in effect along with personal protective equipment, where appropriate
- Employees working remotely as much as possible

Customers

- Our distribution and transmission businesses are considered essential businesses
- Suspended service disconnects, waived late fees, extended payment terms, etc.
- Proactively promoting budget programs and payment options to customers

Communities

- Everyday commitment to local communities
- \$238,000 in contributions to local organizations to aid in the fight against the COVID-19 impact
- Chesapeake is matching employee donations to local community organizations

Investors/Financial Community

- Reaffirm 2022 EPS target \$4.70 to \$4.90 and Capital investment target range of \$750 million to \$1 billion 2018 thru 2022
- Growth projects and business development activities continue as planned
- Strong balance sheet and liquidity position to provide adequate capital for growth
- Dividend growth of 8.6% in 2020 driven by EPS growth



Driven by Commitment

- Achieved strong second quarter results; solid year-to-date operating earnings across all business units
- Operational savings and best practices performance improvements being implemented across functional distribution and transmission businesses in all regions
- Progressing on key deliverables:
 - Boulden acquisition integrated with Sharp Energy
 - Renewable natural gas projects underway on Delmarva
 - Elkton Gas acquisition completed July 31st
 - Pipeline expansion projects continue to move forward
 - Hurricane Michael regulatory proceeding ongoing
- Major Projects margin contribution:
 - 2020 estimate \$38 million
 - 2021 estimate \$52 million



Earnings Per Share			
Second Quarter		Year-to-Date	
2020	2019	2020	2019
\$ 0.66	\$ 0.50	\$ 2.42	\$ 2.25

Strong performance for the first half of 2020 :

- Continued growth in the Company's businesses
- Addition of the Boulden acquisition
- Retail propane margins per gallon
- Expense management
- Gains from property sales overcame milder weather and the impact of COVID-19
- Interim billings related to Hurricane Michael recovery have been deferred pending final regulatory approval

Our diverse and engaged employees' ability to execute during these challenging times is demonstrated by our strong performance and significant business achievements during the quarter. Generating increased performance quarter-over-quarter, as well as on a year-to-date basis, was a significant accomplishment in the midst of the COVID-19 pandemic.

We have continued to remain extremely focused on employee and customer health and safety as we safely and reliably deliver our essential energy services during this global pandemic.

Financial Summary

GAAP Income and Income from Continuing Operations

(in thousands except per share data)	Second Quarter		Year-to-Date	
	2020	2019	2020	2019
Operating Income	\$ 17,977	\$ 18,165	\$ 60,111	\$ 62,287
Other income (expense), net	(279)	(320)	3,039	(380)
Interest Charges	5,054	5,552	10,868	11,180
Income from Continuing Operations				
Before Income Taxes	12,644	12,293	52,282	50,727
Income Taxes on Continuing Operations	1,983	3,379	12,580	13,002
Income from Continuing Operations	10,661	8,914	39,702	37,725
Income (loss) from Discontinued Operations, Net of Tax	295	(610)	184	(757)
Net Income	\$ 10,956	\$ 8,304	\$ 39,886	\$ 36,968
Diluted EPS from Continuing Operations	\$0.64	\$0.54	\$2.41	\$2.30
Diluted EPS (GAAP)	\$0.66	\$0.50	\$2.42	\$2.25

- **Net income for the quarter ended June 30, 2020 was \$11.0 million, or \$0.66 per share, compared to \$8.3 million or \$0.50 for the same quarter of 2019.**
- **Net income for the six months ended June 30, 2020 was \$39.9 million, or \$2.42 per share, compared to \$37.0 million, or \$2.25 per share, for the same period in 2019, representing an increase of 7.6 percent.**

Key drivers of Our Performance

Second Quarter of 2020 Compared to Second Quarter of 2019

- **Gross Margin increased \$5.1 million**
 - Eastern Shore and Peninsula Pipeline service expansions \$1.8 million
 - Increased demand for Marlin Gas Services \$1.1 million
 - Increased retail propane margins per gallon \$0.9 million
 - Natural gas growth (excluding expansions) \$0.8 million
 - Contribution from Boulden acquisition \$0.5 million
- **Operating expenses increased \$2.9 million** (57% of margin variance)
 - Payroll and depreciation due to growth \$1.9 million
 - Insurance expense related to higher market premiums \$0.5 million
 - Boulden operating expenses \$0.5 million
- **Net Unusual items (\$1.6 million)**
 - Unfavorable COVID-19 impacts (\$3.6 million)
 - Increased customer consumption \$2.0 million
 - primarily due to colder weather
- **Recognized \$1.7 million net income tax benefit associated with the CARES Act**

Key Business Factors: COVID-19 Impact

- *Chesapeake Utilities is an “essential business” to our customers and communities. As such, our operational activities and construction projects continue; all the while, we are adhering to safety guidelines and social distancing.*
- *The Company’s pandemic response plan, which has included all employees who can to telework, and providing personal protective equipment (PPE) to those customers who have continued to operate in the field delivering our essential services.*

Margin

- For the three and six months ended June 30, 2020, respectively, the COVID-19 impacts were \$2.5 million and \$2.9 million, respectively
- Primarily driven by reduced consumption of energy largely in the commercial and industrial sector
- COVID-19 margin decreases offset by higher residential use due to stay at home provisions

Expenses

- Additional expenses incurred in support of the ongoing delivery of or our essential services during these unprecedented times (\$1.8 million for Second Quarter and Year-to-Date)
- Personal protective equipment cost, premium pay for field operations and higher bad debt expense
- COVID-19 related expenses offset by reduced travel cost and lower financing costs

Regulatory

- As the COVID-19 pandemic is ongoing, the Company to date has not established regulatory assets associated with the incremental expense impact, as currently authorized by Maryland and Delaware PSCs
- In Florida, the PSC has decided not to address a Regulatory asset Statewide, but rather for each independent utility request with a petition.
- No significant COVID-19 on our FERC Regulated interstate transmission line

Financial Summary

COVID-19 Operating Income Impacts

	Second Quarter 2020	Year-to-Date 2020
<i>(dollars in thousands)</i>		
Gross Margin:		
Regulated Energy Segment	\$ (2,201)	\$ (2,430)
Unregulated Energy Segment	(317)	(442)
Total Gross Margin Impacts	\$ (2,518)	\$ (2,872)
Other Operating Expenses:		
Regulated Energy Segment	\$ (1,014)	\$ (906)
Unregulated Energy Segment	(369)	(487)
Other businesses and eliminations	(391)	(391)
Total Other Operating Expense Impacts	\$ (1,774)	\$ (1,784)
Operating Income:		
Regulated Energy Segment	\$ (3,215)	\$ (3,336)
Unregulated Energy Segment	(686)	(929)
Other	(391)	(391)
Total Operating Income Impacts	\$ (4,292)	\$ (4,656)

- Gross Margin loss and incremental operating expenses reduced operating income by \$4.3 million and \$4.6 million compared to the prior year quarter and year-to-date periods
- Favorable income tax benefit resulting from the CARES Act resulted in \$1.7 million offset to operating income impacts

COVID – 19: Expense Expectations

Expenses expected to increase:

- *Bad debt expense, AR aging and collection dunning*
- *Personal protection equipment for field service personnel*
- *Social distancing infrastructure requirements*

Expenses expected to decrease:

- *Administrative costs as we slow personnel hiring and implement continuous process improvements across business units*
- *Fleet fuel cost, travel cost, conference fees and employee education costs*

Areas unchanged and managed appropriately:

- *Capital spending and business development opportunities continue*
- *No disruption of energy transmission and distribution supply chain*
- *Interest rates are expected to remain low through 2020 and into 2021*
- *Adequate liquidity from multiple sources*
- *Move toward targeted long-term capital structure*
- *Staffing levels – No layoffs or furloughs expected – continue to maintain our salary and wage structure*

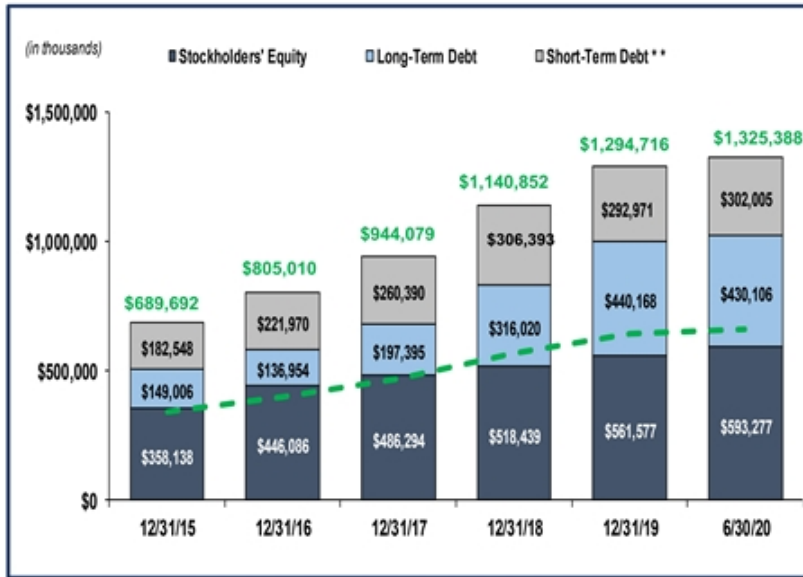
Capital Expenditures Forecast

Estimate for 2020

<i>(dollars in thousands)</i>	Forecast for Fiscal 2020	
	Low	High
Regulated Energy:		
Natural gas distribution	\$ 75,000	\$ 80,000
Natural gas transmission	70,000	80,000
Electric distribution	5,000	7,000
Total Regulated Energy	150,000	167,000
Unregulated Energy:		
Propane distribution	10,000	13,000
Energy transmission	10,000	15,000
Other unregulated energy	14,000	19,000
Total Unregulated Energy	34,000	25,000
Other:		
Corporate and other businesses	1,000	1,000
Total 2020 Capital Expenditures	\$ 185,000	\$ 215,000

The Company's capital expenditures were \$88.4 million for the six months ended June 30, 2020. We will continue to update this forecast as we move through the year, including any unexpected capital delays resulting from COVID-19.

Capital Capacity to Support Future Growth



Equity/Permanent Capitalization	70.6%	76.5%	71.1%	62.1%	56.1%	58.0%
Equity/Total Capitalization	51.9%	55.4%	51.5%	45.4%	43.4%	44.8%

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

Available Financing Capacity

- \$370 million bank lines of credit through October 2020
- \$95 million incremental liquidity if needed through October 2020
- \$50 million 3.00% funded July 15, 2020
- \$40 million 2.96% to be funded August 14, 2020
- \$310 million private placement shelf facilities available for additional financing needs

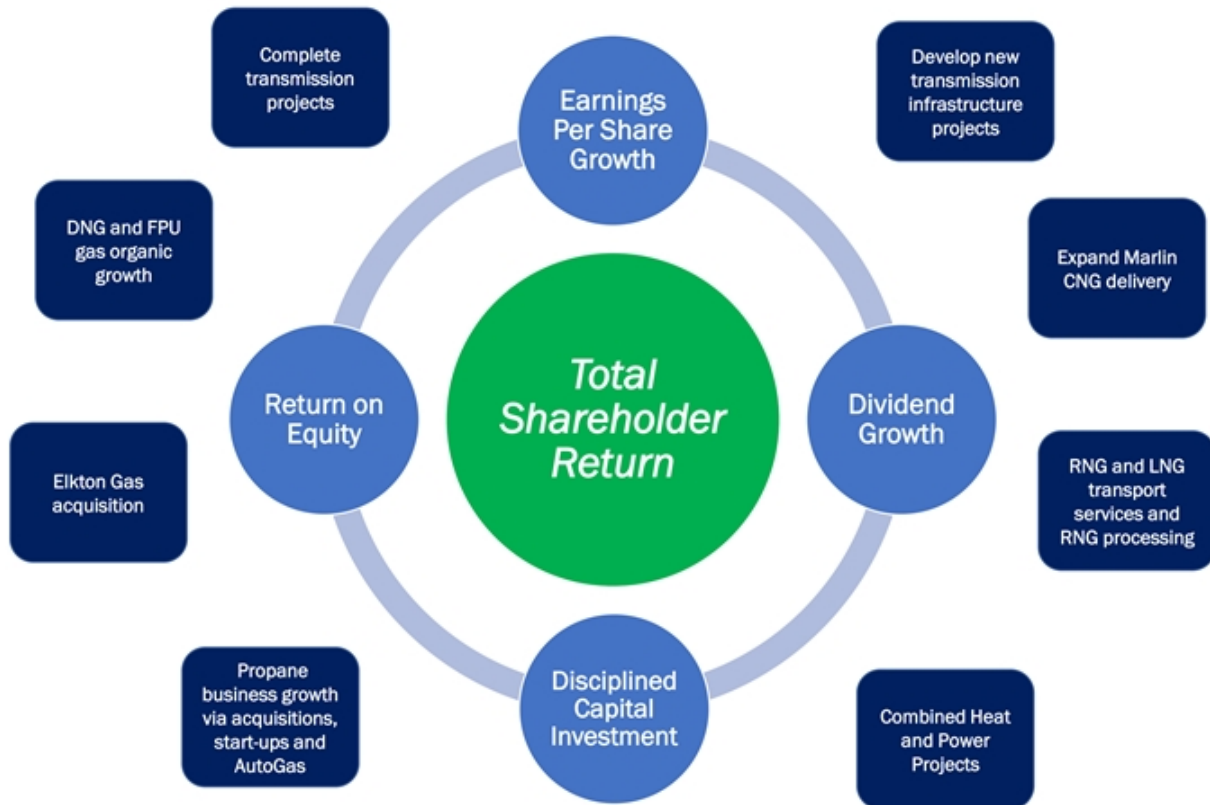
Chesapeake seeks to align permanent financing with the in-service dates of its capital projects

- \$31.7 million increased equity year-to-date
- \$25.8 million earnings retention
- \$ 4.1 million issued under stock plans
- \$ 1.8 million other comprehensive income

Target Equity to Total Capitalization Ratio of 50% or Higher

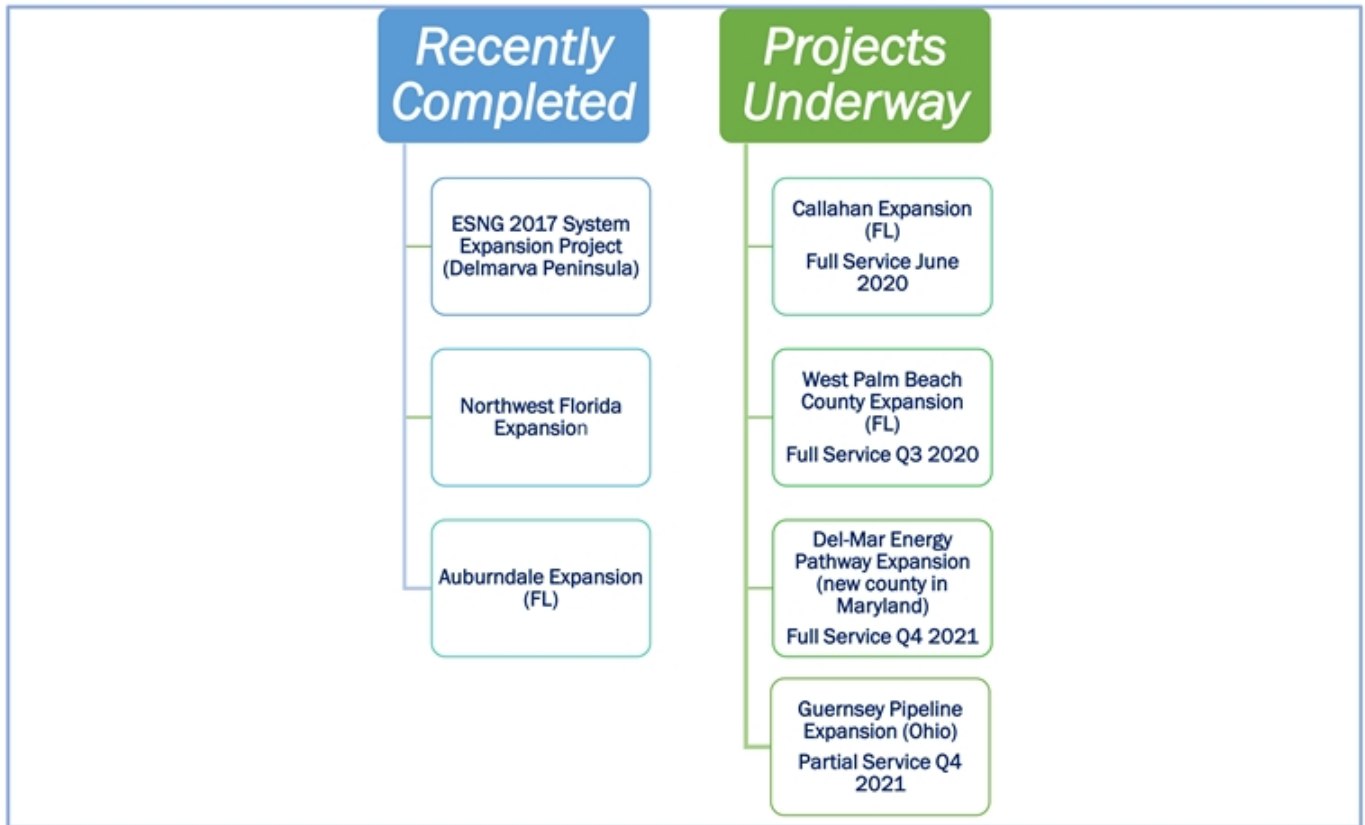
Chesapeake Utilities

2020 – 2022 Strategic Growth Initiatives



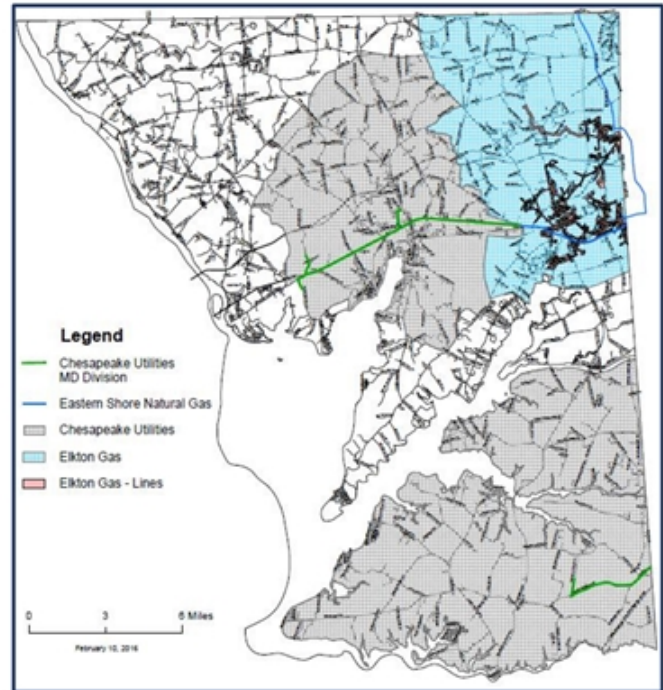
Recent and Current Pipeline Expansions

Transmission of Natural Gas Services to New Territories



Acquisition Completed

- Chesapeake Utilities and South Jersey Industries completed the agreement for the acquisition of Elkton Gas Company at a price of approximately \$15 million on July 31, 2020.
- Elkton Gas serves approximately 7,000 customers within a franchised area of Cecil County, Maryland contiguous to Chesapeake's franchised service territory in Cecil County
- Elkton Gas has been a customer of Chesapeake's interstate transmission pipeline since 1959.
- With the expanded presence in Cecil County, the gas distribution system can be serviced locally with Chesapeake personnel



Key Regulatory Initiatives

Hurricane Michael Limited Proceeding

- *October 2018 Hurricane Michael – Northwest Florida*
- *August 2019 FPU filed limited proceeding with Florida PSC*
- *Fourth Quarter 2019 FPU and the Office of Public Counsel filed a request to approve interim rates*
- *FPU continues to work with the Florida PSC on Hurricanes Michael and Dorian storm recovery*



- *Requested recovery of storm related costs through a change in base rates*
- *Requested certain storm related costs as a regulatory asset for costs not allowed through the storm reserve, as well as the recovery of plant investment*
- *Interim rates were established in January 2020 and have been fully reserved pending final resolution of the proceeding*

Major Projects and Initiatives

Gross Margin Contributions

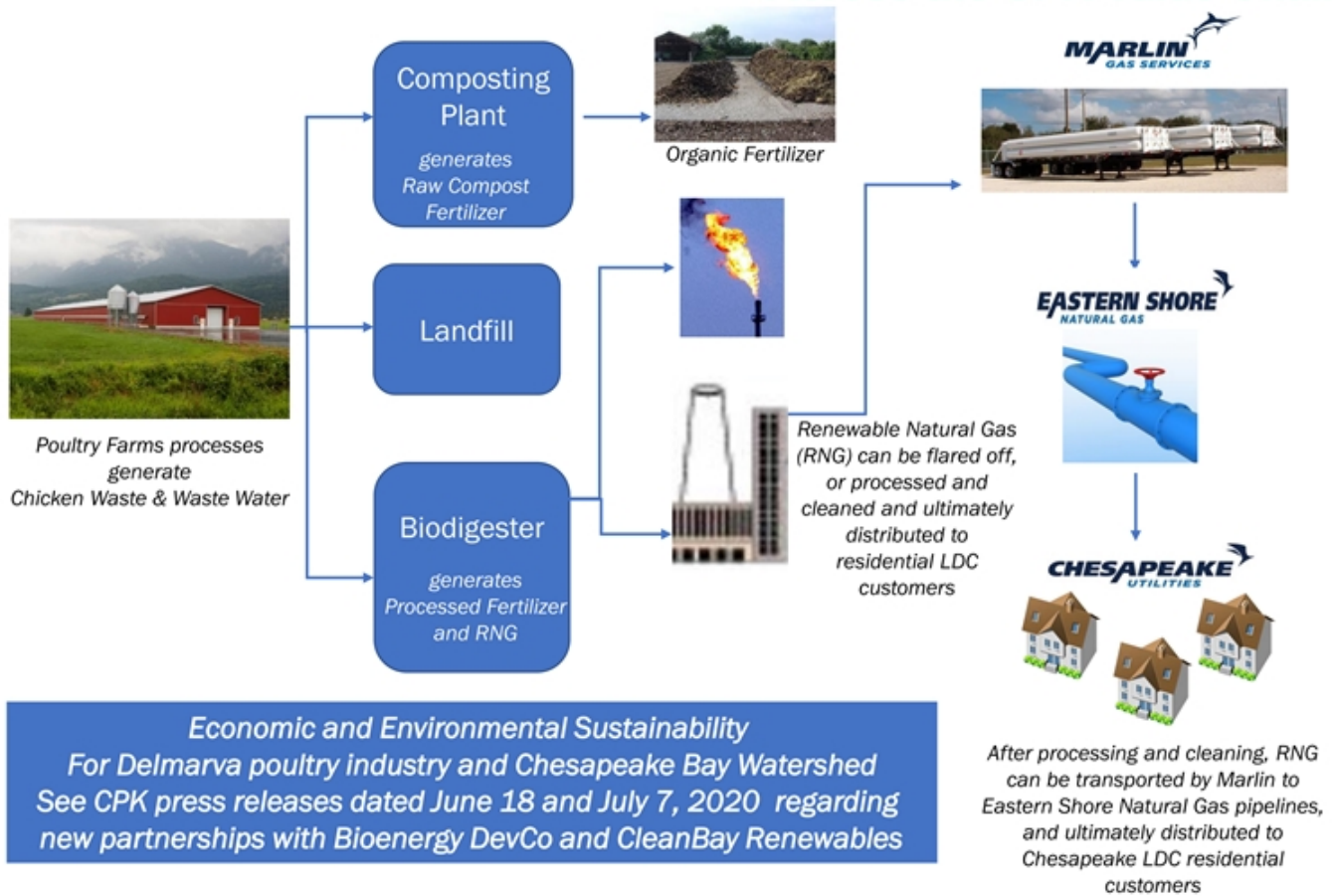
Project/Initiative <i>in thousands</i>	Gross Margin for the Period						
	Three Months Ended		Six Months Ended		Year Ended	Estimate for	
	June 30,		June 30,		December 31,	Fiscal	
	2020	2019	2020	2019	2019	2020	2021
Pipeline Expansions							
Western Palm Beach County, Florida Expansion ⁽¹⁾	\$ 967	\$ 161	\$ 1,968	\$ 293	\$ 2,139	\$ 4,092	\$ 5,227
Del-Mar Energy Pathway ⁽¹⁾	452	189	641	353	731	2,398	4,100
Auburndale	170	—	340	—	283	679	679
Callahan Intrastate Pipeline (including related natural gas distribution services)	536	—	536	—	—	4,039	7,564
Guernsey Power Station	—	—	—	—	—	—	700
Total Pipeline Expansions	2,125	350	3,485	646	3,153	11,208	18,270
Virtual Pipeline Growth							
Compressed Natural Gas Transportation	2,107	1,030	3,454	3,359	5,410	6,900	7,700
Renewable Natural Gas Transportation	—	—	—	—	—	—	1,000
Total Virtual Pipeline Growth	2,107	1,030	3,454	3,359	5,410	6,900	8,700
Acquisitions							
Boulder Propane	549	—	2,437	—	329	3,800	4,200
Elkton Gas	—	—	—	—	—	1,207	3,992
Total Acquisitions	549	—	2,437	—	329	5,007	8,192
Regulatory Initiatives							
Florida GRIP	3,609	3,530	7,305	7,311	13,939	15,206	16,898
Hurricane Michael regulatory proceeding	—	—	—	—	—	TBD	TBD
Total Regulatory Initiatives	3,609	3,530	7,305	7,311	13,939	15,206	16,898
Total	\$ 8,390	\$ 4,910	\$ 16,681	\$ 11,316	\$ 22,831	\$ 38,321	\$ 52,060

⁽¹⁾ Includes margin generated from interim services.

New Gross Margin

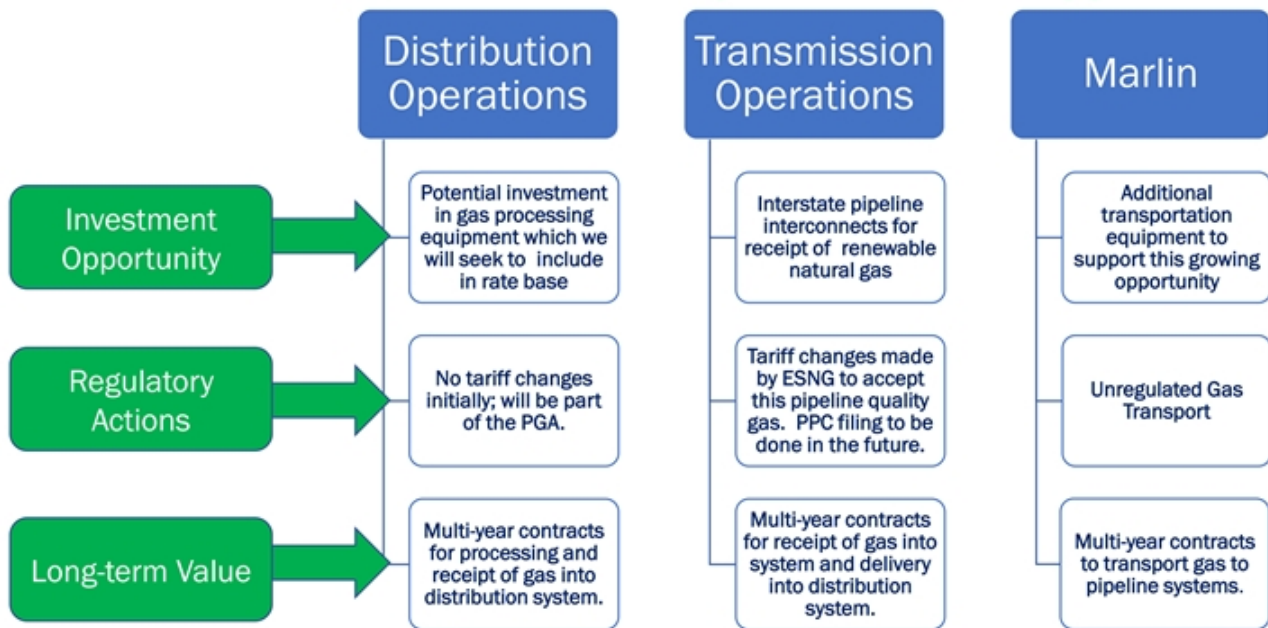
Underway with Florida PSC

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



CPK's Renewable Natural Gas Proposition

Presents Multiple Investment Opportunities



- As a result of the Bioenergy DevCo and CleanBay projects, the Company expects to generate \$1.0 million in incremental margin in 2021 from renewable gas transportation.
- These projects provide the opportunity for the Company to utilize renewable natural gas, and play an active role in the clean-up of poultry waste as well support the sustainability of agribusiness on Delmarva.
- There are numerous profitable investment opportunities across the CPK value chain as we play a key role in ensuring a sustainable future for our local communities.

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

Women in Utilities Webinar – **Be Extraordinary Everyday** by Demonstrating Diversity.



Delivering Natural Gas To Somerset County, Maryland, To Support Environmentally Conscious Economic Growth

The Somerset County Expansion Project will deliver natural gas service to Somerset County, Maryland. It will extend natural gas service to the Eastern Correctional Institution and the University of Maryland Eastern Shore, helping to improve each facility's environmental profile while offering significant economic benefits to the area. Residents and businesses along the line will also have the choice to use environmentally beneficial and less expensive natural gas service.

Equity, Diversity and Inclusion Council Promotes our Workplace Culture.

Measures to help keep employees, customers and communities **safe and healthy** during the COVID-19 pandemic.

During these extraordinary times, we are **honored to support** our customers and communities, including United Way, Salvation Army and Feeding America.

Although apart,
we can come together
for a common goal this
Earth Day



Partnering with CleanBay Renewables to Increase Sustainable Energy in the Delmarva Community

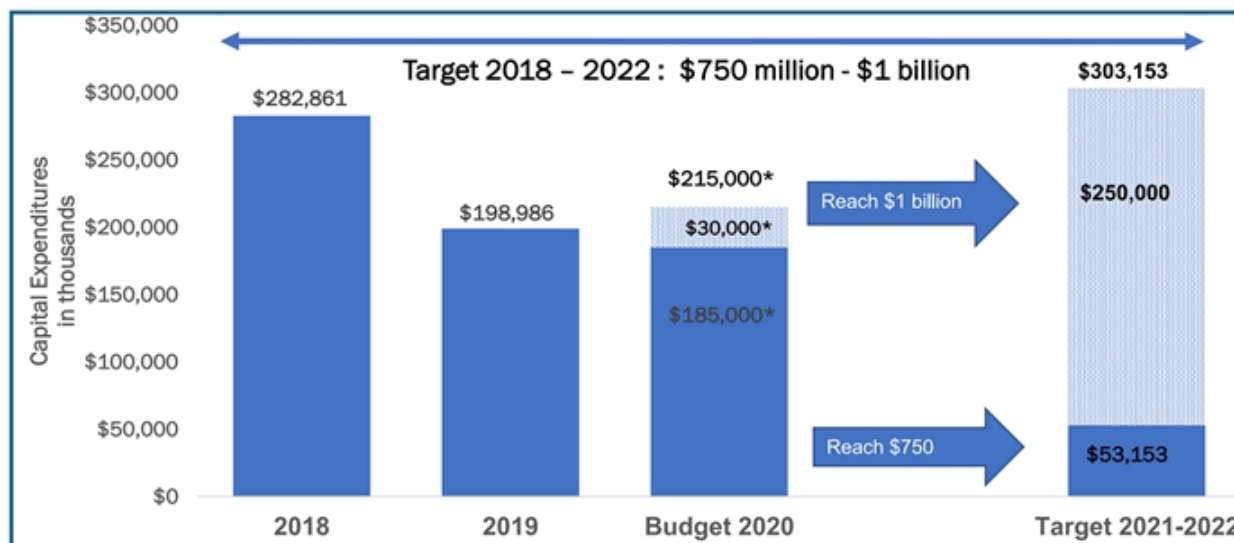
We recently announced a new partnership with CleanBay Renewables Inc. (CleanBay), an enviro-tech company focused on the production of sustainable renewable natural gas, which will generate greenhouse gas credits associated with vehicular usage, and provide Chesapeake Utilities the opportunity to bring additional renewable natural gas to its Delmarva operations.

Next Steps in Our Sustainable Renewable Natural Gas Strategy

We partnered with Bioenergy DevCo (BDC), a leading global developer of anaerobic digestion facilities that creates renewable energy and healthy soil products from organic material. The joint project involves removing excess organics from poultry waste and converting it into Renewable Natural Gas.

Capital Investment Guidance

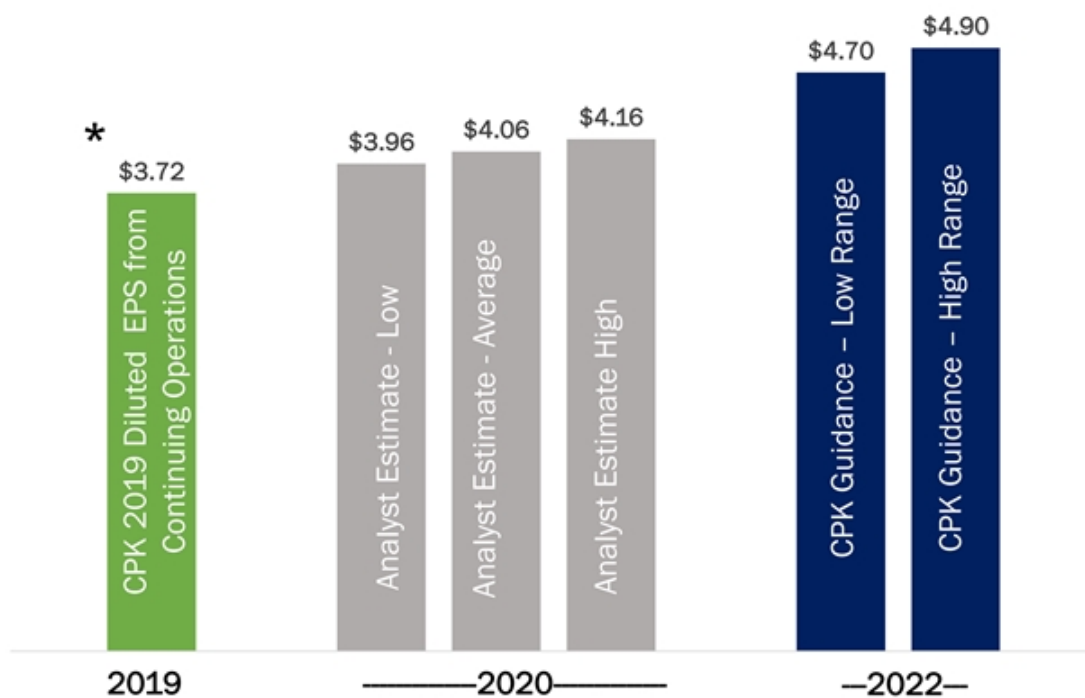
Continued Record Investment in Our Business to Drive Growth



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

Management reaffirms its five year capital expenditure guidance of \$750 million to \$1 billion.
From 2018 through June 30, 2020, the Company has invested \$570 million on new capital expenditures.

Chesapeake Utilities Affirm 2022 Earnings per Share Guidance



*Note: 2019 GAAP Diluted EPS (\$3.96) – Diluted EPS from Continuing Operations (\$3.72)

Note: Analyst estimates are through 8/5/2020. CPK does not support or endorse the analyst estimates as provided.

- *Strong earnings for the second quarter despite the uncertain challenges of the COVID-19 pandemic.*
- *Engaged in expense management across the Company and operational efficiency in this new business normal situation.*
- *Excited about our recently completed Elkton Gas acquisition, and our commitment to renewable natural gas to support sustainability of the Delmarva agribusiness industry and improving the environmental health of the Chesapeake Bay.*
- *Regulatory proceeding for Hurricane Michael is underway but not included in year-to-date results.*
- *We affirm our strategic planning guidance for 2022:*
 - Capital Expenditures Range - \$750 million to \$1 billion
 - Earnings per Share - \$4.70 to \$ 4.90.
- *Focused on employee and customer health and safety as we deliver our essential energy services*

Driven By Energy





Thank You!