



Writer's Direct Dial Number: 850-521-1706

November 28, 2017

**BY E-PORTAL**

Ms. Carlotta Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: 20170251-GU- Application by Chesapeake Utilities Corporation for Authorization to issue Common Stock, Preferred Stock, and Secured and/or Unsecured Debt, and to Enter into Agreements for Interest Rate Swap Products, Equity Products and Other Financial Derivatives and to Exceed Limitation Placed on Short Term Borrowings in 2018.**

Dear Ms. Stauffer:

Attached for filing, please find a corrected copy of the Application of Chesapeake Utilities Corporation for Authority to Issue Stock, and Secured and/or Unsecured Debt, and to Enter into Agreements for Interest Rate Swap Products, Equity Products and Other Financial Derivatives and to Exceed Limitation Placed on Short Term Borrowings in 2018. The version filed on November 21, 2017, inadvertently was missing 2 pages of the Petition. The attachments included with the original November 21 filing are accurate. This filing replaces only the Petition filed on that date.

Your assistance in this matter is greatly appreciated. If you have any questions, please do not hesitate to contact me.

Sincerely,

Beth Keating  
Gunster, Yoakley, & Stewart, P.A.  
215 S. Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

BK

cc: Office of Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application by Chesapeake Utilities Corporation for Authorization to Issue Common Stock, Preferred Stock and Secured and/or Unsecured Debt, and to Enter into Agreements For Interest Rate Swap Products, Equity Products and Other Financial Derivatives in 2018 )  
Docket: 20170251-GU )  
Filed: November 28, 2017 )

**APPLICATION BY CHESAPEAKE UTILITIES CORPORATION FOR AUTHORIZATION TO ISSUE COMMON STOCK, PREFERRED STOCK AND SECURED AND/OR UNSECURED DEBT, AND TO ENTER INTO AGREEMENTS FOR INTEREST RATE SWAP PRODUCTS, EQUITY PRODUCTS AND OTHER FINANCIAL DERIVATIVES, AND TO EXCEED LIMITATION PLACED ON SHORT-TERM BORROWINGS IN 2018 (CORRECTED)**

Chesapeake Utilities Corporation (Chesapeake, the Company or Applicant) respectfully files this Application, pursuant to Section 366.04 (1), Florida Statutes, seeking authority in 2018 to issue up to 8,215,000 shares of Chesapeake common stock; up to 2,000,000 shares of Chesapeake preferred stock; up to \$550,000,000 in secured and/or unsecured debt; to enter into agreements for up to \$200,000,000 in Interest Rate Swap Products, Equity Products and other Financial Derivatives; to exceed the limitation on short-term borrowings in 2018 up to \$275,000,000. The Company would utilize its short-term lines of credit and revolving credit facility for this purpose.

1. Name and principal business offices of Applicant:
  - a) Chesapeake Utilities Corporation  
P.O. Box 615  
909 Silver Lake Boulevard  
Dover, Delaware 19904
  - b) Chesapeake Utilities Corporation  
Florida Division  
1750 South 14<sup>th</sup> Street  
Fernandina Beach, Florida 32034

- c) Florida Public Utilities Company (a wholly owned subsidiary of Chesapeake Utilities Corporation)  
1750 South 14<sup>th</sup> Street  
Fernandina Beach, Florida 32034
- d) Florida Public Utilities Company - Indiantown Division  
1750 South 14<sup>th</sup> Street  
Fernandina Beach, Florida 32034
- e) Florida Public Utilities Company – Fort Meade Division  
1750 South 14<sup>th</sup> Street  
Fernandina Beach, Florida 32034

2. Incorporated:

Chesapeake Utilities Corporation – Incorporated under the laws of the state of Delaware in 1947 and qualified to do business in Florida, Maryland, and Pennsylvania

Florida Public Utilities Company – Incorporated under the laws of the state of Florida in 1924 and qualified to do business in Florida

3. Person authorized to receive notices and communications in this respect:

Beth Keating, Esquire  
Gunster, Yoakley & Stewart, P.A.  
Suite 601  
215 South Monroe Street  
Tallahassee, Florida 32301  
(850) 521-1706

Attorneys for Chesapeake Utilities Corporation

4. Capital Stock and Funded Debt

Chesapeake has authority by provisions contained in the Certificate of Incorporation, as amended, to issue common stock as follows:

- a) Common stock having a par value of \$0.4867 per share.
- b) Amount authorized: 50,000,000 shares.
- c) Amount outstanding as of June 30, 2017 : 16,344,442
- d) Amount held in Treasury: 0 shares.

- e) Amount pledged by Applicant: None.
- f) Amount owned by affiliated corporations: None.
- g) Amount held in any fund: None.

Chesapeake has authority by provisions contained in its Certificate of Incorporation, as amended, to issue preferred stock as follows:

- a) Preferred stock having a par value of \$0.01 per share.
- b) Amount authorized: 2,000,000 shares.
- c) Amount outstanding as of June 30, 2017: 0 shares.
- d) Amount held in Treasury: None.
- e) Amount pledged by Applicant: None.
- f) Amount owned by affiliated corporations: None.
- g) Amount held in any fund: None.

The funded indebtedness by class and series are as follows:

- (a) 1 Chesapeake Utilities Corporation 6.64% Unsecured Senior Notes due October 31, 2017 and issued on October 31, 2002 in the principal amount of \$30,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to October 31, 2007; thereafter, principal was payable, in addition to interest on the unpaid balance, over eleven (11) years at the rate of \$2,727,272 per annum. As of June 30, 2017, there is a remaining balance of \$2,727,272 for this issue. On October 31, 2017, these notes were paid in full and zero amount is outstanding.
- (a) 2 Chesapeake Utilities Corporation 5.50% Unsecured Senior Notes due October 12, 2020 and issued on October 12, 2006 in the principal amount of \$20,000,000 bearing interest payable quarterly with provisions for payment of interest only prior to October 12, 2011;

thereafter, principal shall be payable, in addition to interest on the unpaid balance, for ten (10) years at the rate of \$2,000,000 per annum. As of June 30, 2017, there is a remaining balance of \$8,000,000 for this issue.

(a) 3 Chesapeake Utilities Corporation 5.93% Unsecured Senior Notes due October 31, 2023 and issued on October 31, 2008 in the principal amount of \$30,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to April 30, 2014; thereafter, principal shall be payable, in addition to interest on the unpaid balance for ten (10) years at the rate of \$1,500,000 per semi-annum. Accordingly, as of June 30, 2017, there is a balance of \$19,500,000 for this issue.

(a) 4 Chesapeake Utilities Corporation 5.68% Unsecured Senior Notes due June 30, 2026 and issued on June 23, 2011 in the principal amount of \$29,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to June 30, 2017; thereafter, principal shall be payable, in addition to interest on the unpaid balance for ten (10) years at the rate of \$2,900,000 per annum. As of June 30, 2017, there is a balance of \$26,100,000 on this issue.

(a) 5 Florida Public Utilities Company 9.08% Secured First Mortgage Bonds due June 1, 2022 and issued on June 1, 1992 in the principal amount of \$8,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to June 1, 2022; thereafter, principal shall be payable in full. Accordingly, as of June 30, 2017, there is a balance of \$8,000,000 for this issue.

- (a) 6 Chesapeake Utilities Corporation 6.43% Unsecured Senior Notes due May 2, 2028 and issued on May 2, 2013 in the principal amount of \$7,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to May 2, 2019; thereafter, principal shall be payable, in addition to interest on the unpaid balance for ten (10) years at the rate of \$700,000 per annum. As of June 30, 2017, there is a balance of \$7,000,000 on this issue.
- (a) 7 Chesapeake Utilities Corporation 3.73% Unsecured Senior Notes due December 16, 2028 and issued on December 16, 2013 pursuant to a Note Purchase Agreement dated September 5, 2013 in the principal amount of \$20,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to December 16, 2019; thereafter, principal shall be payable, in addition to interest on the unpaid balance for ten (10) years at the rate of \$2,000,000 per annum. As of June 30, 2017, there is a balance of \$20,000,000 on this issue.
- (a) 8 Chesapeake Utilities Corporation capital lease agreement entered into on June 1, 2013 in an original present value amount of \$7,125,901 in connection with the acquisition and lease of certain assets of Eastern Shore Gas Company located in Worcester County, Maryland. The capital lease has monthly payments of \$125,000 from June 2014 through May 2019. As of June 30, 2017, there is a present value balance outstanding of \$2,776,775 on this capital lease.
- (a) 9 Chesapeake Utilities Corporation 3.88% Unsecured Senior Notes due May 15, 2029 and issued on May 15, 2014 pursuant to a Note

Purchase Agreement dated September 5, 2013 in the principal amount of \$50,000,000 bearing interest payable semi-annually with provisions for payment of interest only prior to May 15, 2020; thereafter, principal shall be payable, in addition to interest on the unpaid balance for ten (10) years at the rate of \$5,000,000 per annum. As of June 30, 2017, there is a balance of \$50,000,000 on this issue.

(a) 10 Flo-Gas Corporation non-interest bearing Unsecured Senior Notes due February 5, 2019 issued on February 5, 2013 in the principal amount of \$425,000. Annual principal payments are \$70,833 until maturity. As of June 30, 2017, there is a balance of \$96,667 on this issue.

(a) 11 Chesapeake Utilities Corporation 3.25% Unsecured Senior Note due April 30, 2032, and issued on April 21, 2017 pursuant to a Note Purchase Agreement dated October 8, 2015, in the principal amount of \$70,000,000 bearing interest payable quarterly with provisions for payment of interest only prior to July 31, 2022; Thereafter, principal shall be payable, in addition to interest on the unpaid balance for forty (40) quarters at the rate of \$1,750,000 per quarter. As of June 30, 2017, there is a \$70,000,000 balance on this issue.

As of the filing date, Chesapeake has unsecured committed short-term bank lines of credit with three commercial lenders. Chesapeake may from time to time increase the capacity of these lines of credit and/or add additional lines of credit to meet short-term financing needs. Chesapeake currently maintains a total short-term borrowing line capacity of \$180,000,000. As of June 30,

2017, the total short-term borrowing outstanding under the bank lines of credit was \$145,591,414.

As of October 8, 2015, Chesapeake entered into a committed revolving line of credit with five commercial lenders, available through October 8, 2020 for a total intermediate borrowing capacity of \$150,000,000. As of June 30, 2017, there is a zero balance under this line of credit.

5. Authorizations Requested

Chesapeake requests authorization from the FPSC to issue up to 465,000 new shares of its common stock during 2018 for the purpose of administering Chesapeake's Retirement Savings Plan, Stock and Incentive Compensation Plan, and Dividend Reinvestment and Stock Purchase Plan. The share breakdown for each specific purpose is as follows:

<u>Number of Shares</u>	<u>Purpose</u>
105,000	Issuance pursuant to the Company's Retirement Savings Plan.
180,000	Issuance under the terms of the Company's Stock and Incentive Compensation Plan.
180,000	Issuance pursuant to the Company's Dividend Reinvestment and Stock Purchase Plan.

In addition, Chesapeake is requesting FPSC authorization to issue up to 2,750,000 shares of Chesapeake stock or an equity-linked instrument equivalent in value in 2018 to permanently finance Chesapeake's ongoing capital expenditure program. Chesapeake seeks further FPSC authorization to issue during 2018 up to an additional 5,000,000 shares of common stock.



This additional stock would be used to finance Chesapeake's ongoing acquisition program. The capital expenditure program is subject to continuous review and modification and is funded from short-term borrowings and cash provided by operating activities. The Company may from time to time, permanently finance its short-term borrowings through the issuance of common stock or an equity-linked instrument, as opposed to long-term debt. Chesapeake requests FPSC authorization to issue up to \$550,000,000 in new secured and/or unsecured debt during 2018 for general corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt, capital improvements and acquisitions. Chesapeake seeks FPSC authorization to exceed the limitation placed on short-term borrowings by Section 366.04, Florida Statutes, so as to issue short-term obligations up to \$275,000,000 during 2018.

Chesapeake is also requesting authority to issue up to 2,000,000 shares of Chesapeake preferred stock in 2018, for possible acquisitions, financing transactions, and other general corporate purposes, including potential distribution under the Company's Shareholder Rights Agreement ("Rights Agreement") adopted by the Board of Directors on August 20, 1999, and subsequently, modified and extended by the Board of Directors on September 12, 2008. On September 12, 2008, the Board extended the expiration of the Rights from August 20, 2009 to August 20, 2019 and increased the Exercise Price per share from \$54.56 to \$105. Adjusted for the 3-for-2 stock split effected on September 8, 2014, the current Exercise Price is \$70 per share. A copy of the First Amendment to Rights Agreement and Securities and Exchange Commission Form 8-K pursuant to Chesapeake Utilities Corporation's First Amendment to Rights Agreement has been

previously filed with the FPSC within Exhibit D of the Application by Chesapeake Utilities Corporation for Authorization to Issue Common Stock, Preferred Stock and Secured and/or Unsecured Debt, and to Enter into Agreements for Interest Rate Swap Products, Equity Products and Other Financial Derivatives and to Exceed Limitation Placed on Short-Term Borrowings in 2009, Docket No. 080635-GU, dated November 19, 2009, and is hereby incorporated by reference.

Chesapeake further seeks FPSC approval to enter into financial agreements with institutions in 2018 to negotiate and execute financial derivatives enabling the Company to lock in its future financing costs and minimize its risk. A financial derivative is a risk-shifting agreement, the value of which is derived from the value of an underlying asset. The underlying asset could be a physical commodity, an interest rate, a company's stock, a stock index, a currency, or virtually any other tradable instrument upon which two parties can agree. A financial derivative can be used for hedging, protecting against financial risk, or can be used to speculate on the movement of commodity or security prices, interest rates or the levels of financial indices. Financial derivatives fall into two categories. One consists of customized, privately negotiated derivatives, referred to as over-the-counter (OTC) derivatives or swaps. The other category consists of standardized, exchangeable derivatives, known generically as futures. In addition, there are various types of products within each of the two categories. The Company has attempted to identify below some of the financial derivatives that the Company may evaluate in 2018, although the listing is not intended to be all-inclusive. Rather, the Company seeks

approval to evaluate and employ those financial derivatives that would mitigate its financial risk associated with a particular financing transaction(s).

Chesapeake is proposing to have the flexibility and authority to enter into the following (a) Treasury rate locks, credit spread locks, interest rate swaps, collars, caps and/or floors (the "Interest Rate Swap Products"); (b) equity collars, floors, prepaid forward contracts, covered calls, forward sales and purchases and/or equity-linked instruments (the "Equity Products"); or (c) any other Financial Derivatives that meet the objectives described above on such terms as Chesapeake considers to be appropriate, provided that the notional amount(s) for said Interest Rate Swap Products, Equity Products, and/or other Financial Derivatives do not, in the aggregate, exceed the sum of \$200,000,000.

Chesapeake Utilities Corporation allocates funds to the Florida Division, Florida Public Utilities and the Indiantown and Fort Meade divisions on an as-needed basis.

6. Purposes for which Securities are to be issued:

(a) Chesapeake's Retirement Savings Plan ("RSP") was implemented on February 1, 1977. As of June 30, 2017, the RSP had 864 active participants; a total market valuation of approximately \$128,822,394 (including 564,459 shares of the Company's common stock with a value of \$42,306,182). Chesapeake's 401k Plan was amended to be a "safe harbor" plan. Effective January 1, 2011 the Company matches 100% of the participants' contributions up to six percent of the eligible compensation in cash and any supplemental contributions will generally be made in Chesapeake stock. Prior to January 1, 2011 the Company match was primarily made in

Chesapeake stock. In conjunction with the adoption of a "safe harbor" plan, the plan document was amended.

To continue to balance the composition of debt and equity, Chesapeake wants to maintain flexibility in how the RSP is funded, i.e., with new shares of its stock, buying shares on the open market, and/or a combination of both funding methods.

On June 23, 1992, the Delaware Public Service Commission issued Order No. 3425 approving the issuance of up to 150,000 new shares of Chesapeake common stock for the purpose of administering Chesapeake's RSP. Please note that this Order by the Delaware Public Service Commission is "open ended" in the sense that there is no time limit by which the approved securities need to be issued. A copy of the Order has been previously filed with the FPSC within Exhibit J of the Application for Approval of Issuance and Sale of Securities by Chesapeake Utilities Corporation, Docket No. 931112-GU, dated November 17, 1993, and is hereby incorporated by reference. On July 13, 1999, the Delaware Public Service Commission issued Order No. 5165 approving the issuance of an additional 150,000 new shares of Chesapeake common stock for the purpose of administering the RSP. Please note that this Order by the Delaware Public Service Commission is also "open ended" in the sense that there is no time limit by which approved securities need to be issued. A copy of this Order has been previously filed with the FPSC within Exhibit C of the Application by Chesapeake Utilities Corporation for Authorization to issue Common Stock, Preferred Stock and Secured and/or Unsecured Debt and to Exceed Limitation Placed on Short-Term Borrowings in 2000, Docket No. 991631-GU, dated October 20, 1999, and is hereby incorporated by reference. On

December 19, 2000, the Delaware Public Service Commission issued Order No. 5609 approving the issuance of an additional 450,000 new shares of Chesapeake common stock for the purpose of administering the RSP. Please note that this Order by the Delaware Public Service Commission is also "open ended" in the sense that there is no time limit by which approved securities need to be issued. A copy of this Order has been previously filed with the FPSC as Exhibit E of the Consummation Report of Securities Issued by Chesapeake Utilities Corporation, Docket No. 991631-GU, dated March 29, 2001, and is hereby incorporated by reference. On May 4, 2010, the Delaware Public Service Commission issued Order No. 7769 approving the issuance of an additional 900,000 new shares of Chesapeake common stock for the purpose of administering the RSP. Please note that this Order by the Delaware Public Service Commission is also "open ended" in the sense that there is no time limit by which approved securities need to be issued. A copy of the order was previously filed with the FPSC as Exhibit C of Docket No. 100444-GU dated November 16, 2010. Pursuant to these Orders, Chesapeake has issued 818,817 new shares of common stock for the RSP as of June 30, 2017. Thus, there remains to be issued 831,183 shares as authorized by the Delaware Public Service Commission. The FPSC approved the issuance and sale of up to 105,000 shares of common stock for the Plan during 2017 by Order No. PSC-17-0061-FOF-GU issued on February 24, 2017. Chesapeake now seeks FPSC authorization to issue up to 105,000 new shares of Chesapeake common stock for the purpose of administering Chesapeake's Plan during 2018.

(b) On May 2, 2013, after receiving shareholder approval, the Board adopted the 2013 Stock and Incentive Compensation Plan ("SICP") for issuing equity

compensation to its directors, to its officers and other key employees, and to its employees. The FPSC approved the issuance of up to 180,000 shares of common stock for the SICP during 2017 by Order No. PSC-17-0061-FOF-GU issued on February 24, 2017. Chesapeake is requesting FPSC authorization to issue up to 180,000 new shares of Chesapeake common stock for purposes of administering the SICP during 2018. The SICP will allow the Company to continue to provide a competitive compensation program that seeks to attract and retain exceptional executive officers, directors and employees of the Company and motivate those individuals responsible for the growth and success of the Company. The SICP also enhances stockholder value by linking a portion of compensation of executive officers, directors and employees of the Company to the increase in the price per share of its common stock and the achievement of other performance objectives and encourage ownership in the Company by key personnel whose long-term employment is considered essential to the Company's continued success and progress. On October 22, 2013, the Delaware Public Service Commission issued Order No. 8470 authorizing Chesapeake to issue up to 661,862 shares of common stock to administer the Company's SICP. Chesapeake has issued 152,660 new shares of common stock for the SICP as of June 30, 2017. Thus, there remains to be issued 509,202 shares as authorized by the Delaware Public Service Commission.

(f) Chesapeake's Dividend Reinvestment and Stock Purchase Plan ("DRP") was implemented on April 27, 1989. The DRP Administrator currently has the flexibility of purchasing shares of Chesapeake common stock on the open market, using Treasury stock or issuing new common stock. The gradual

issuance of new common stock enables Chesapeake to balance the composition of its capital between common stock and long-term debt. As of June 30, 2017, the DRP had 1,710 stockholder participants.

A copy of the DRP as filed on Registration Statement Form S-3 with the Securities and Exchange Commission has been previously filed with the FPSC as Exhibit D of the Application for Approval of Issuance and Sale of Securities by Chesapeake Utilities Corporation, Docket No. 961194-GU, dated October 1, 1996, and is hereby incorporated by reference. On May 23, 1989, the Delaware Public Service Commission issued Order No. 3071 approving the issuance of up to 300,000 new shares of Chesapeake common stock for the purpose of administering Chesapeake's DRP. Please note that this Order by the Delaware Public Service Commission is "open ended" in the sense that there is no time limit by which the approved securities need to be issued. A copy of this Order has been previously filed with the FPSC within Exhibit J of the Application for Approval of Issuance and Sale of Securities by Chesapeake Utilities Corporation, Docket No. 931112-GU, dated November 17, 1993, and is hereby incorporated by reference. On December 20, 1995, the Delaware Public Service Commission issued Order No. 4097 approving the issuance of an additional 450,000 new shares of Chesapeake common stock for the purpose of administering Chesapeake's DRP. Please note that this Order by the Delaware Public Service Commission is also "open ended" in the sense that there is no time limit by which the approved securities need to be issued. A copy of this Order has been previously filed with the FPSC within Exhibit E of the Application for Approval of Issuance and Sale of Securities by Chesapeake Utilities Corporation, Docket No. 961194-GU, dated October 1, 1996, and is hereby incorporated by reference. On August

5, 2004, Chesapeake's Board of Directors approved 1,125,000 additional shares of common stock to be authorized and reserved for issuance under the Dividend Reinvestment and Stock Purchase Plan, as well as several amendments to the terms of the Plan. The amended plan (a) allows for direct stock purchases by persons who at the times of purchase are not shareholders of the Company; (b) establishes the minimum investment amount for direct stock purchases by persons who are not shareholders of the Company; (c) fixes the minimum monthly and maximum annual optional cash investment limits for participating shareholders; (d) allows for direct debiting of shareholder-designated bank accounts for purchases; and (e) adds a provision to the Plan, whereby the Company, with the prior approval of the Board of Directors or under guidelines adopted by the Board of Directors, could on a case-by-case basis waive the maximum annual optional cash investment limit and accept investments in excess of that amount. On December 21, 2004 the Delaware Public Service Commission issued Order No. 6543, approving the issuance of an additional 1,125,000 shares of Chesapeake common stock for the purpose of administering Chesapeake's amended Dividend Reinvestment and Stock Purchase Plan. Please note that this Order by the Delaware Public Service Commission is "open ended" in the sense that there is no time limit by which the approved securities need to be issued. A copy of this Order has been previously filed with the FPSC within Exhibit C of the Consummation Report of Securities Issued by Chesapeake Utilities Corporation, Docket No. 030942-GU, dated March 22, 2005, and is hereby incorporated by reference. In addition, on December 16, 2008, Chesapeake filed a Registration Statement on Form S-3 with the Securities and Exchange Commission relating to the registration of 631,756 shares of



the Company's common stock under the Dividend Reinvestment and Direct Stock Purchase Plan. The Registration Statement was declared effective by the Securities and Exchange Commission on January 5, 2009 and replaces the prior Registration Statement in place for the Plan that had previously expired. A copy of the Chesapeake Utilities Corporation Dividend Reinvestment and Direct Stock Purchase Plan as filed with the Securities and Exchange Commission on Registration Statement Form S-3 dated December 16, 2008 has previously been filed with the FPSC as Exhibit D of the Consummation Report of Securities Issued by Chesapeake Utilities Corporation, Docket No. 070640-GU, dated March 27, 2009, and is hereby incorporated by reference.

Pursuant to the Orders above, Chesapeake has issued 1,149,738 new shares of common stock as of June 30, 2017. Thus, there remains to be issued 725,262 shares as authorized by the Delaware Public Service Commission. The FPSC approved the issuance and sale of up to 180,000 shares for the DRP during 2017 by Order No. PSC-17-0061-FOF-GU issued on February 24, 2017. Our current Registration Statement was filed December 12, 2014, for 790,769 shares, with the Securities and Exchange Commission and we expect to file a new registration statement prior to the expiration date December 14, 2017 for the remaining 725,262 shares.

The Company now seeks FPSC approval to issue up to 180,000 new shares of Chesapeake common stock for the purpose of administering Chesapeake's amended Dividend Reinvestment and Stock Purchase Plan during 2018.

(h) Chesapeake now seeks FPSC approval to issue up to 2,750,000 shares of Chesapeake stock or an equity-linked instrument equivalent in value in

2018 to permanently finance Chesapeake's ongoing capital expenditure program. Financing for the Company's capital expenditure program is subject to continuous review and modification and is funded from short-term borrowings and cash provided by operating activities. The Company, in an effort to manage its capital structure, may, from time to time permanently finance through the issuance of common stock or an equity-linked instrument, as opposed to long-term debt. The FPSC approved the issuance of 2,500,000 shares of common stock for Chesapeake during 2017 by Order No. PSC-17-0061-FOF-GU issued on February 24, 2017.

(i) Chesapeake seeks FPSC authorization to issue during 2018 up to \$300,000,000 in secured and/or unsecured long-term debt with an estimated rate of interest of up to 300 basis points above U.S. Treasury rates (or extrapolated U.S. Treasury rates) with equivalent average life. The FPSC approved the issuance and sale of \$200,000,000 in secured and/or unsecured long-term debt during 2017 by Order No. PSC-17-0061-FOF-GU issued on February 24, 2017. The remaining proceeds from this debt issuance would be used for general corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt and capital improvements. Each issue will be for some lawful object within the corporate purposes of the applicant and compatible with the public interest and is reasonably necessary or appropriate for such purpose.

(j) Chesapeake seeks further FPSC authorization to issue during 2018 up to an additional 5,000,000 shares of common stock and an additional \$250,000,000 in secured and/or unsecured long-term debt with an estimated rate of interest of up to 300 basis points above U.S. Treasury rates (or extrapolated U.S. Treasury rates) with equivalent average life. This

additional stock and debt would be used to finance Chesapeake's ongoing acquisition program. Chesapeake expects to continue to search for growth opportunities through acquisitions, which fit its long-range plan to achieve the proper mix of business activities. Financing of acquisitions will depend upon the nature and extent of potential acquisitions as well as current market and economic conditions.

The FPSC approved the issuance and sale of 5,000,000 shares of common stock and \$250,000,000 in secured and/or unsecured long-term debt for this purpose during 2017 by Order No. PSC-17-0061-FOF-GU issued on February 24, 2017.

(k) Chesapeake seeks FPSC authorization to issue up to 2,000,000 shares of Chesapeake preferred stock during 2018 for possible acquisitions, financing transactions, and other general corporate purposes, including potential distribution under the Company's Rights Agreement adopted by the Board of Directors on August 20, 1999. The Rights Agreement was subsequently modified and extended by the Board of Directors on September 12, 2008. Pursuant to the Board's actions, the expiration of the Rights was extended from August 20, 2009 to August 20, 2019 and the Exercise Price was increased per share from \$54.56 to \$105.00. Adjusted for the 3-for-2 stock split effected on September 8, 2014, the current Exercise Price is \$70 per share. The Rights Agreement approved by the Board of Directors is designed to protect the value of the outstanding common stock in the event of an unsolicited attempt by an acquirer to take over the Company in a manner or on terms not approved by the Board of Directors. The Rights Agreement is not intended to prevent a takeover of the Company at a fair price and should not interfere with any merger or business combination approved by the Board

of Directors. Copies of the Forms 8-A and 8-K filed with the Securities and Exchange Commission in conjunction with the Rights Agreement have been previously filed with the FPSC as Exhibit D of the Application by Chesapeake Utilities Corporation for Authorization to Issue Common Stock, Preferred Stock and Secured and/or Unsecured Debt and to Exceed Limitation Placed on Short-Term Borrowings in 2000, Docket No. 991631-GU, dated October 20, 1999, and are hereby incorporated by reference. A copy of the Company's First Amendment to the Rights Agreement and the Form 8-K filed with the Securities and Exchange Commission in conjunction with the First Amendment to the Rights Agreement has been previously filed with the FPSC as Exhibit D of the Application by Chesapeake Utilities Corporation for Authorization to Issue Common Stock, Preferred Stock and Secured and/or Unsecured Debt and to Enter into Agreements For Interest Rate Swap Products, Equity Products and Other Financial Derivatives and to Exceed Limitation Placed on Short-Term Borrowings in 2010, Docket No. 080635-GU, dated November 19, 2008, and are hereby incorporated by reference. As of June 30, 2017, zero (0) shares of Chesapeake preferred stock have been issued. The FPSC approved the issuance and sale of up to 2,000,000 shares of Chesapeake preferred stock for possible acquisitions, financing transactions, and other general corporate purposes, including potential distribution under the Company's Rights Agreement, during 2017 Order No. PSC-17-0061-FOF-GU issued February 24, 2017.

(l) Chesapeake is requesting authority during 2018 to enter into an agreement for financial derivatives including, but not limited to Interest Rate Swap Products, Equity Products, and/or other Financial Derivatives on such terms as Chesapeake considers appropriate provided that the notional

amount(s) for said Interest Rate Swap Products, Equity Products, and/or other Financial Derivatives do not, in the aggregate, exceed the sum of \$200,000,000. On July 9, 2002, the Delaware Public Service Commission issued Order No. 5989 approving the Company's application for approval of the issuance of certain long-term debt, and acknowledging that the Company was considering entering into, or utilizing Interest Rate Swap Products. While the Company does not consider such Interest Rate Swap Products, Equity Products, and/or other Financial Derivatives to involve the actual issuance of securities within the ambit of Section 366.04 (1), Florida Statutes, in an abundance of caution, Chesapeake requests such authority to the extent the FPSC considers Interest Rate Swap Products, Equity Products, and/or other Financial Derivatives subject to its jurisdiction. In the event that the FPSC does not consider Interest Rate Swap Products, Equity Products, and/or other Financial Derivatives to be jurisdictional, Chesapeake requests that that FPSC issue an Order acknowledging the Company's request and confirming the FPSC's absence of jurisdiction regarding these instruments.

A copy of this Order was filed as Exhibit C of the Application by Chesapeake Utilities Corporation for Authorization to Issue Common Stock, Preferred Stock and Secured and/or Unsecured Debt, and to Enter into Agreements for Interest Rate Swap Products, and to Exceed Limitation Placed on Short-Term Borrowings in 2004, Docket No. 030942-GU, and is hereby incorporated by reference.

7. Purposes for which Securities are to be issued:

The common stock, preferred stock and long-term debt authorized for issuance will be used for the purpose of administering Chesapeake's Retirement Savings Plan, Stock and Incentive Compensation Plan, Dividend

Reinvestment and Stock Purchase Plan, financing of the Company's acquisition program and for other corporate purposes including, but not limited to the following: working capital; retirement of short-term debt; retirement of long-term debt; capital improvements; and potential distribution under the Rights Agreement. Chesapeake believes that Interest Rate Swap Products, Equity Products and other Financial Derivatives would provide Chesapeake with an additional opportunity to achieve lower cost funding of existing and prospective debt and equity placements, as well as enhanced flexibility to manage the Company's exposure to risk as market conditions permit. These are all for lawful objects within the corporate purposes of Chesapeake and compatible with the public interest and are reasonably necessary or appropriate for such purposes.

8. Counsel:

The legality of the common stock, preferred stock and debt issuances will be passed upon by William A. Denman, Esquire, Parkowski, Guerke and Swayze, P.A., 116 West Water Street, Dover, Delaware 19904, who will rely on Beth Keating, Esquire, Gunster, Yoakley & Stewart, Suite 601, 215 South Monroe Street, Tallahassee, Florida 32301, as to matters of Florida law.

9. Other Regulatory Agencies:

Under 26 Del. C Section 215 of the Delaware statutes, Chesapeake is regulated by the Delaware Public Service Commission and, therefore, must file a Prefiling Notice, a Notice, and an Application to obtain approval of the Delaware Commission before issuing new securities which mature more than one (1) year from the date of issuance. In addition, a Notice must be filed if Chesapeake expects to incur short-term indebtedness, which exceeds ten

percent of the Company's total capitalization. All necessary applications or registration statements have been or will be made as required and will be made a part of the final consummation report to the FPSC as required by Rule 25-8.009, Florida Administrative Code.

The address of the Delaware Commission is as follows:

Delaware Public Service Commission  
861 Silver Lake Boulevard  
Cannon Building  
Dover, Delaware 19904  
Attention: Robert Howatt

10. Control or ownership:

Applicant is not owned by any other company nor is Applicant a member of any holding company system.

11. Exhibits:

Filed herewith:

Exhibit A: Exhibit A consists of the following attachments:

A (1) Chesapeake Utilities Corporation Annual Report on Form 10-K (A) for the year ended December 31, 2016.

A (2) Chesapeake Utilities Corporation Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

12. Constitutionality of Statute:

Chesapeake has taken the position that the statutory requirement of FPSC approval of the issuance and sale of securities by a public utility, under Section 366.04 (1), Florida Statutes, as applied to Chesapeake, a Delaware corporation engaged in interstate commerce, is unconstitutional, in that it creates an unreasonable burden on interstate commerce. Support for this

position is set out in Chesapeake's Petition for declaratory statement disclaiming jurisdiction, as filed in FPSC Docket No. 930705-GU. By FPSC Order No. PSC-93-1548-FOF-GU, issued on October 21, 1993, the FPSC denied the Petition for declaratory statement, while approving the alternative Application for approval of the issuance of up to 100,000 new shares of common stock for the purpose of administering a Retirement Savings Plan. The FPSC found that "the facial constitutionality of a statute cannot be decided in an administrative proceeding," and that since the stock issuance was approved, "the question of constitutionality appears to be academic at this time."

Chesapeake continues to maintain that the assertion of jurisdiction by the FPSC over its securities unconstitutionally burdens interstate commerce, particularly where the Public Service Commission of the State of Delaware has approved their issuance and sale, and/or where the securities do not create a lien or encumbrance on assets of Chesapeake's public utility operations in the State of Florida.

Florida law provides for severe penalties for any willful violation of a statute administered by the FPSC or any of its rules or orders, Secs. 350.127 (1) and 366.095, Florida Statutes. Accordingly, Chesapeake believes it must submit to FPSC jurisdiction over its securities if it is to avoid assessment of such penalties and to otherwise remain in good standing before the FPSC. It therefore files the instant Application, under protest, and without waiver of its position regarding the unconstitutionality of the statute.



**PRAYER FOR RELIEF**

Based on the foregoing, Chesapeake Utilities Corporation requests that the FPSC issue an Order authorizing it in 2018 to issue up to 8,215,000 shares of common stock, up to 2,000,000 shares of preferred stock, and up to \$550,000,000 of secured and/or unsecured debt, and authorizing it to enter into agreements up to \$200,000,000 in Interest Rate Swap Products, Equity Products and other Financial Derivatives.

Respectfully submitted,

Date: November 28, 2017



Beth Keating, Esquire  
Gunster, Yoakley & Stewart, P.A.  
Suite 601  
215 South Monroe Street  
Tallahassee, Florida 32301  
(850) 521-1706

Attorneys for  
Chesapeake Utilities Corporation

## EXHIBITS

- A (1) Chesapeake Utilities Corporation Annual Report on Form 10-K for the year ended December 31, 2016.
- A (2) Chesapeake Utilities Corporation Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.