

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION FOR) PSC DOCKET NO. 13-242
APPROVAL OF THE ISSUANCE OF)
LONG-TERM DEBT (FILED JUNE 17, 2013))

ORDER NO. 8414

AND NOW, this 16th day of July, 2013, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on June 17, 2013, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission, pursuant to 26 *Del. C.* §215(a)(2), an application (the "Application") seeking approval of the issuance of up to \$70 million of unsecured long-term debt securities; and

WHEREAS, in its Application, Chesapeake stated that on December 4, 2012, its Board of Directors ("BOD") authorized the Company to proceed with the issuance of \$50,000,000 in unsecured long-term debt securities. Subsequently, on April 26, 2013, Chesapeake entered into an engagement letter with PNC Bank, National Association ("PNC"), pursuant to which PNC has agreed to issue a request for proposals ("RFP") to purchase from the Company new unsecured long-term debt. (Application, p. 2-3); and

WHEREAS, under the terms of the RFP, the first \$50 million of the debt will be purchased, at the Company's discretion, between approximately July 31, 2013, and July 31, 2014, and the remaining \$20 million will be purchased by December 31, 2014. Both of these purchases of unsecured long-term debt securities will require a

minimum of 30 days' advance notice. Chesapeake states that it expects to use the unsecured long-term debt proceeds to finance capital expenditures and working capital requirements. (Application, p. 2); and

WHEREAS, according to the Application, the unsecured long-term debt financing is consistent with the Company's current debt covenants which limit the level of its unsecured debt to total capitalization to 65%. In addition, the terms of this new issuance are substantially the same or more favorable to Chesapeake compared to its 2010 debt issuance. Moreover, the interest rates on the proposed debt issuance are competitive, with the interest rate on up to \$70 million of new debt issuance expected to be at or below 3.75%. (Application, p. 3); and

WHEREAS, pursuant to 26 Del. C. §215(a)(2), no public utility, without having first obtained the approval of the Commission, shall issue any stocks, stock certificates, or notes, bonds or other evidences of indebtedness payable in more than 1 year from the date thereof. In addition, 26 Del. C. §215(d) provides that the Commission must approve any issuances when it finds the same to be made in accordance with law, for a proper purpose, and is consistent with the public interest; and

WHEREAS, the Commission Staff ("Staff") has examined the Application and its schedules and exhibits and concludes that the Company has complied with the requirements of 26 Del. C. §215(d) in

that the proposed issuances will be made in accordance with law, for a proper purpose, and is consistent with the public interest for the reasons set forth above. Accordingly, Staff recommends that the Commission approve Chesapeake's Application subject to the following conditions: (i) Chesapeake's Delaware Division may not construe this approval as ratemaking treatment for future case filings; (ii) within 30 days of the closing of the issuance of the \$50,000,000 of LTD, the Company must file copies of its fully executed note agreement for this Application; (iii) Chesapeake must obtain the prior approval of its BOD before the issuance of the additional \$20,000,000; and (iv) Chesapeake must obtain any additional necessary approvals from the Maryland and/or Florida Public Service Commission and comply with all applicable federal securities laws;

**NOW, THEREFORE, IT IS ORDER BY THE AFFIRMATIVE VOTE OF
NOT FEWER THAN THREE COMMISSIONERS:**

1. That the application ("Application") filed with the Commission on June 17, 2013, which requests Commission approval, under 26 Del. C. §215(a)(2), for Chesapeake Utilities Corporation ("Chesapeake") to issue of up to \$70 million of unsecured long-term debt securities is granted subject to the following conditions:

a. Chesapeake's Delaware Division may not construe this approval as ratemaking treatment for future case filings;

b. Within 30 days of the closing of the issuance of the \$50,000,000 of unsecured long-term debt securities, Chesapeake must file copies of its fully executed note agreement for the Application;

c. Chesapeake must obtain the prior approval of its BOD before the issuance of the additional \$20,000,000; and

d. Chesapeake must obtain any additional necessary approvals from the Maryland and/or Florida Public Service Commission and comply with all applicable federal securities laws prior to the issuance of the unsecured long-term debt securities.

2. That nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof with respect to the indebtedness of Chesapeake that may be issued or incurred under the Application which is approved by this Order.

3. That Chesapeake is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. §114(b)(1).

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

