

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF )  
CHESAPEAKE UTILITIES CORPORATION FOR )  
APPROVAL OF THE ISSUANCE OF ) PSC DOCKET NO. 14-0418  
COMPANY STOCK AND LONG-TERM DEBT )  
(FILED SEPTEMBER 25, 2014) )

**ORDER NO. 8655**

**AND NOW**, this 14<sup>th</sup> day of October, 2014, the Delaware Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, on September 25, 2014, 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 \$110 million of unsecured long-term debt securities ("LTD") in addition to the issuance of approximately 2,250,000 shares of common stock for a total of \$90 million in equity; and

**WHEREAS**, in its Application, Chesapeake stated that, on approval of the Application, the Officers of the Company will request the Board of Directors ("BOD") to authorize the issuance of up to \$110,000,000 of unsecured LTD over the next twelve to eighteen months. (Application, p. 2); and

**WHEREAS**, 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%. Moreover, the interest rates on the proposed debt issuance are competitive, with the interest rate on up to \$110 million of new debt issuance expected to be at or below 4.00%. (Application, p. 3); and

**WHEREAS**, in its Application, Chesapeake is also requesting approval to issue approximately 2,250,000 shares of voting common stock (post-split) for a total of \$90,000,000 to fund the known capital expenditures of \$148,946,000 plus potential future capital projects. (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) Chesapeake must obtain the prior approval of its BOD as to the actual amount of stock to be issued and the terms and conditions of any issuance; (iii) within 30 days of the closing of the issuance of the \$110,000,000 of LTD, the Company must file copies of its fully executed note agreement for this application with the Commission; 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 filed with the Commission on September 25, 2014, which requests Commission approval, under 26 Del. C. §215(a)(2), for Chesapeake Utilities Corporation ("Chesapeake") for the issuance of up to \$110 million of unsecured long-term debt securities ("LTD") in addition to the issuance of approximately 2,250,000 shares of common stock for a total of \$90 million in equity 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. Chesapeake must obtain the prior approval of its BOD as to the actual amount of stock to be issued and the terms and conditions of any issuance;

c. Within 30 days of the closing of the issuance of the \$110,000,000 of LTD, the Company must file copies of its fully executed note agreement for this application with the Commission; 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.

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:

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Chair

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/s/ Joann T. Conaway  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Harold B. Gray  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary