

**Driven By**

Commitment  
Agility  
Strategy  
Collaboration  
Growth  
Leadership  
Safety  
Sustainability  
**Energy**  
Solutions  
Strength  
Improvement  
Team  
Service  
Adaptability  
Performance  
Community  
Value



# Driven By Energy. Delivering Energy.

Our successful track record of performance is driven by the entrepreneurial spirit of our employees as we consistently deliver safe, secure, reliable and efficient service and energy solutions that are environmentally and economically smart.



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# Driven By Continuous Improvement

In 2020, Chesapeake Utilities installed solar arrays at three of our business locations. Aspire Energy in Orrville, OH; Sharp Energy in Georgetown, DE; and Eastern Shore Natural Gas Company (ESNG) use solar to reduce our carbon footprint and to minimize the Company's commercial electric utility costs. Pictured, left to right, are Randall Musselman, Manager, Compression; and Duane Harrell, Compressor Technician II, at the solar array located at ESNG's compressor station in Bridgeville, DE.

# A Letter From Our President

*“As I write this letter, the COVID-19 virus has spread from China to countries throughout the globe and is now impacting the United States. Our hearts go out to those who have been affected by the virus. Chesapeake Utilities has activated its Pandemic Response Plan. Along with many other companies across the country, we are taking precautionary steps to protect our employees and ensure that we continue to meet the energy needs of our customers. The Company is strong operationally and financially. Our employees are highly motivated to serve the communities where they live and work. As was the case after Hurricane Michael, we are prepared to meet this challenge and those that lie ahead.”*

JEFF HOUSEHOLDER, PRESIDENT AND CEO

## Dear Fellow Shareholders,

I am pleased to report that Chesapeake Utilities Corporation recorded its 13th consecutive year of record earnings in 2019 and paid shareholder dividends for the 59th consecutive year. While our financial performance is enviable, I am most proud that our employees are focused on the future to ensure that Chesapeake Utilities continues its successful history. We have an extremely talented, hardworking team.

In my first year as CEO, it has been energizing to see our employees' commitment to growth, collaboration and continuous improvement. This annual report shares many of our recent accomplishments and highlights several of the people who have made these accomplishments possible.



Jeff Householder, President and CEO

## Building a Sustainable Future

These are interesting times for energy delivery companies. On one hand, we hear a call to address climate change through restricting customer access to natural gas. At the same time, customer demand for natural and propane gas service in our business areas is at an all-time high. Customer growth in our Delaware, Maryland and Florida regulated utility distribution operations is more than twice the national average. Our customers appear to understand that the clean-burning, economical fuel delivered to their homes, businesses and vehicles is the same fuel responsible for driving U.S. emissions to a 25-year low and more than a decade of extraordinary domestic economic growth. I have a strongly held belief that our existing gas businesses will continue to have a major role to play in achieving a viable climate change solution. As we look to increase renewable energy sources, natural gas continues to offer an abundant, clean and economic foundation fuel that supports the movement toward lower emissions around the globe.

As the Environmental/Social/Governance (ESG) platform continues to be a growing consideration for investors, we are cultivating the Chesapeake Utilities sustainability story. We have a long-standing history of excellent corporate stewardship. For many years, Chesapeake has actively supported the communities we serve through financial contributions and countless employee volunteer hours to the many charities and local service organizations. Our business units have won numerous safety awards. We have expanded those efforts externally to ensure the safety of our local communities through many partnerships and organizations, which include our ongoing engagement with and training of third-party responders. In addition, over 100 of our female employees actively participate in our very own Women in Energy chapter. Our corporate governance department's policies and actions have garnered national recognition. In 2019, Chesapeake Utilities received the *Corporate Secretary's* "2019 Governance Team of the Year" award for small to mid-cap companies.

Our environmental actions are also notable, but less well known. Chesapeake Utilities was one of the first gas distributors to begin the systematic modernization of its

mains, service lines and other distribution facilities to improve safety and lower carbon emissions. We have replaced 100% of our cast iron mains and are almost 80% complete with the bare steel mains and services. We have also been systematically rebuilding and modernizing our gate and regulator stations. Our corrosion and other leak emissions, as a result, have been significantly reduced. So significantly that, in 2020, we are pursuing an exemption from the EPA Greenhouse Gas (GHG) Reporting Program granted to local distribution companies (LDCs) whose annual GHG levels are judged to be less than 25,000 metric tons over a five-year period.

The expansion of our gas transmission and distribution systems to previously unserved areas has accelerated the conversion of thousands of coal, oil, kerosene and wood burning appliances and industrial equipment to clean-burning natural gas. We have also supported the efficient use of natural gas. For over 20 years, our Florida gas divisions have provided energy conservation rebates to residential and commercial customers who have installed high efficiency appliances. On the electric side, our distribution utility purchases power from one of the most efficient combined heat and power (CHP) plants in the country and from a wholesale supplier that operates the largest renewable energy fleet in Florida. Sharp Energy, our propane distribution business, is one of the largest propane AutoGas suppliers in the Northeast, whose service is displacing diesel fuel and providing a cleaner, safer vehicle fuel for school buses and fleet vehicles.

Nonetheless, we know it's our job to continuously improve. We can play an enhanced role to ensure that the communities we serve are environmentally, economically and culturally sustainable. We can continue to embrace employee diversity and inclusion. We can take our internal safety and operational compliance practices to the next level. We can drive system emissions even lower. We can keep expanding our existing delivery systems to provide clean, low cost energy that meets the needs of a growing economy. At the same time, we can make prudent investments in renewable natural gas (RNG), liquefied natural gas (LNG), energy conservation and improved delivery technologies. I believe Chesapeake Utilities can do all of these things and, at the same time, continue to deliver the industry-leading performance our investors expect.



Strategy, Planning, Discipline

In previous letters, we have described the Company’s robust strategic planning process that guides our disciplined approach to investment and business management. Chesapeake Utilities has a long history of driving earnings growth by investing in projects and acquiring companies that generate our target returns while maintaining a prudent level of shareholder risk. Our capital deployment has been at industry-leading levels for some time. But, we have been disciplined and selective, walking away from far more opportunities than we have executed. That discipline has enabled us to achieve record growth, including again in 2019, while at the same time maintaining upper quartile equity returns.

We often find great investments that others miss or judge to be too small or not core to their business. One of the reasons we find these opportunities, is that we actively look for them. Our business development efforts are coordinated across all of our operating units. Many of our growth investments involve more than one of our businesses, such as building transmission pipelines that served our distribution utilities or building a profitable CHP plant that also enabled margin opportunities for our gas transmission, gas distribution and electric distribution businesses. We also look for opportunities to expand an acquired business. Marlin Gas Services (Marlin) is a great example. We acquired Marlin because we saw great growth potential in its classic compressed natural gas (CNG) temporary fuel service business. In 2019, Marlin’s first year as a Chesapeake Utilities business, we more than doubled margins. Beyond growing the existing business, we also believed Marlin could become a leading transporter of RNG, bridging the pipeline gaps and serving as a virtual pipeline between bio-gas producers and LDCs or end-use customers. We are well on the way to turning that vision into reality.

“As we look to increase renewable energy sources, natural gas continues to offer an abundant, clean and economic foundation fuel that supports the movement toward lower emissions around the globe.”

JEFF HOUSEHOLDER, PRESIDENT AND CEO

13 Consecutive Years of Record Earnings

2019 was a year of significant financial accomplishments for Chesapeake Utilities. Here are a few of the highlights:

- We invested \$199 million in new Capital Expenditures in 2019.
- Our annual margin growth from Continuing Operations was \$25.0 million, and we reduced our cost spent relative to gross margin to the lowest level in more than 15 years.
- Net Income for 2019 was a record \$65.2 million.
- This record Net Income was a result of higher Operating Income from Continuing Operations, which crossed over \$100 million for the first time ever, reaching \$106.3 million.
- Our 2019 Basic Earnings Per Share of \$3.97 was also a record, and is 14.7% higher than our 2018 Basic Earnings Per Share of \$3.46.
- Our Board of Directors declared a dividend increase of 9.5%, resulting in the five-year dividend growth rate in line with the corresponding five-year earnings per share growth rate.
- We achieved a 12% Return on Equity.
- Total Shareholder Return was approximately 20% for the year.

The Company’s great performance is the result of substantial organic growth in our core units, several significant expansion projects along with acquisitions (Marlin Gas Services, OHI Propane and Boulden Propane) that have immediately contributed to earnings, and positive regulatory actions. We also transitioned out of our Peninsula Energy Services Company (PESCO) gas marketing business, eliminating a

non-strategic, higher risk unit from our portfolio. The sale of PESCO produced a \$5.4 million after tax gain for our shareholders. It’s worth noting that record financial performance was achieved in our continuing businesses even excluding the one-time gain from the sale of PESCO.

While our financial performance in 2019 was impressive, we believe our Company’s best days are ahead. Peninsula Pipeline Company will complete two Florida projects already under construction in 2020 — the Callahan Pipeline and West Palm Beach Expansion. We also are planning to begin construction on two new pipeline projects — the Eastern Shore Natural Gas Del-Mar Energy Pathway in eastern Sussex County, Delaware and into Maryland, and the Guernsey Power Plant pipeline in Ohio. These projects represent over \$100 million of new investment and over \$17 million in new margin in 2021.

We are confident in our ability to continue to identify and develop future investment opportunities. Recognizing our 2019 success and the strong outlook for growth, we recently increased our earnings guidance range for the year 2022.

Focused on the Fundamentals

One of our principal strategic objectives is to position the Company for continued growth while meeting evolving operational and market challenges. In 2019, we took a hard look at ourselves. We have doubled the size of our business twice in the past 10 years, and are well on the way toward doubling it again in the next five years. Growth at that pace requires that a company’s operating capabilities evolve. New and different skills are needed and diverse thinking becomes ever more important. Technology upgrades, procedure overhauls and revised practices are required. The old “we’ve always done it this way” just doesn’t work anymore.

So, in 2019, we initiated a realignment of our organizational structure to achieve greater collaboration across our business units and corporate support units. We are taking a measured, incremental approach to simplify and standardize our business processes, operating practices and technology. Far from being disruptive, these actions have been embraced by our employees and are already resulting in increased collaboration, a safer workplace, a more engaged team, better decision-making and lower costs. I can assure you that at the same time our organization evolves to meet future growth, our employees continue to be laser focused on identifying and executing opportunities that contribute to the upper quartile growth. Our 2019 performance is evidence of that commitment.

As I write this letter, the COVID-19 virus has spread from China to countries throughout the globe and is now impacting the United States. Our hearts go out to those who have been affected by the virus. Chesapeake Utilities has activated its Pandemic Response Plan. Along with many other companies across the country, we are taking precautionary steps to protect our employees and ensure that we continue to meet the energy needs of our customers. The Company is strong operationally and financially. Our employees are highly motivated to serve the communities where they live and work. As was the case after Hurricane Michael, we are prepared to meet this challenge and those that lie ahead.

I firmly believe out of challenging, chaotic times come new opportunities. Our team stands ready and is excited about the future. Thank you for your investment and being part of the Chesapeake Utilities family.

Sincerely,

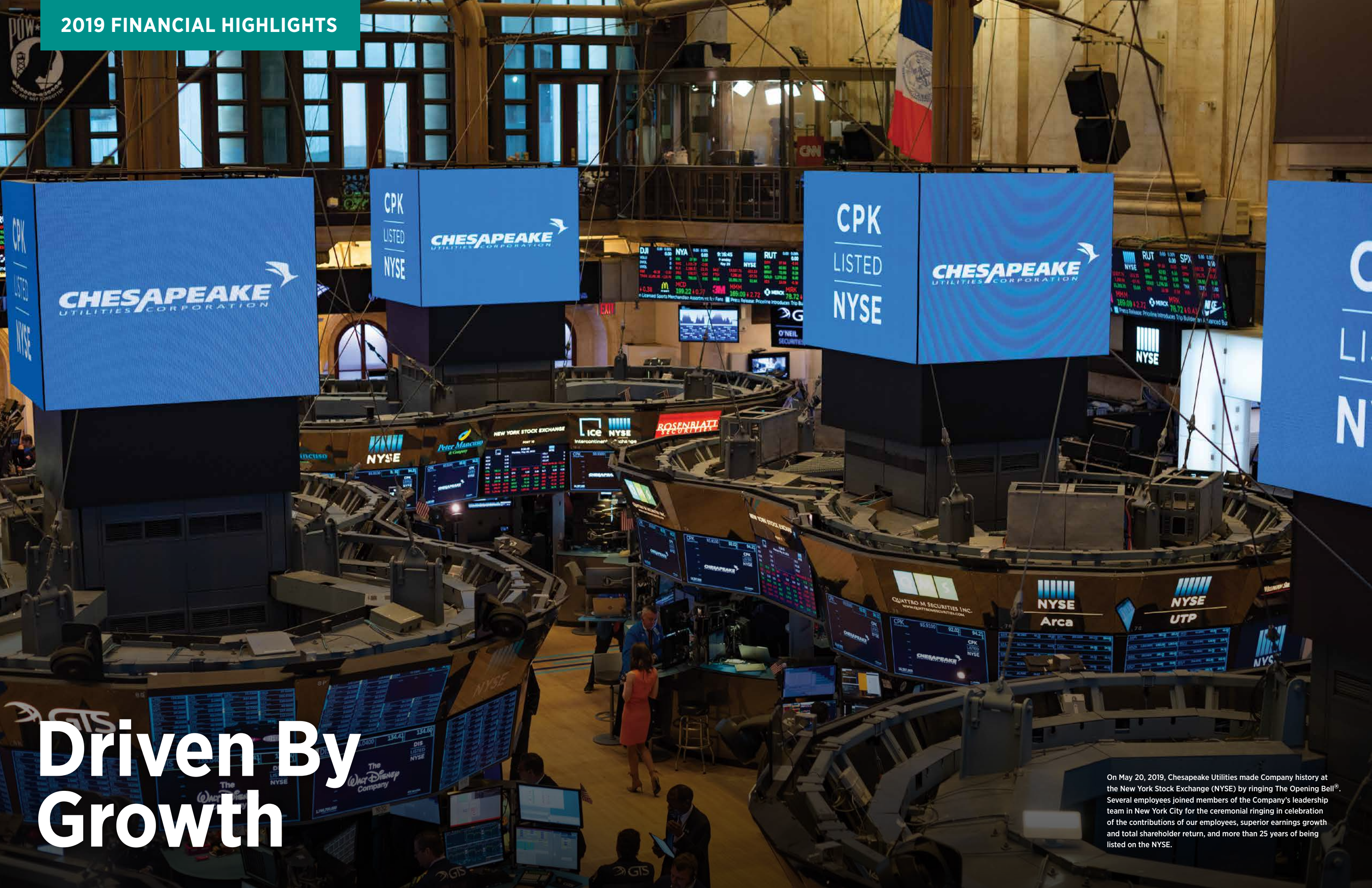
*Jeff M. Householder*

Jeffrey M. Householder  
President and Chief Executive Officer

On February 13, 2020, Chesapeake Utilities (NYSE - CPK) stock surpassed \$100 per share.







# Driven By Growth

On May 20, 2019, Chesapeake Utilities made Company history at the New York Stock Exchange (NYSE) by ringing The Opening Bell®. Several employees joined members of the Company's leadership team in New York City for the ceremonial ringing in celebration of the contributions of our employees, superior earnings growth and total shareholder return, and more than 25 years of being listed on the NYSE.



# 2019 Financial Highlights

“We reported record earnings with operating income that exceeded \$100 million for the first time in our history. Our compound annual growth in earnings has exceeded 8.5% for multiple trailing periods including the 10 years ended 2019. Our disciplined approach to strategic investments has led to top quartile performance in terms of total return on equity over the past five years. Beyond 2019, we expect this trend to continue. Our team’s collaboration across the Company and relentless focus on identifying tandem projects and energy solutions; and developing organic growth in our service territories, combined with regulatory ingenuity and cost efficiencies, will continue to drive increased earnings. Growth is a priority with equal attention to safety, the well-being of our communities, environmental stewardship, and engagement of our employees.”

BETH COOPER, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

## Financial Highlights

(dollars in thousands, except per share data)

	2019	2018	2019/2018 % Change	2017	2018/2017 % Change
Gross Margin from Continuing Operations	\$325,104	\$300,146	8%	\$277,457	8%
Operating Income from Continuing Operations	\$106,287	\$94,843	12%	\$89,730	6%
Income from Continuing Operations	\$61,142	\$56,862	8%	\$60,326	-6% <sup>(1)</sup>
Net Income	\$65,153	\$56,580	15%	\$58,124	-3% <sup>(1)</sup>
Earnings Per Share from Continuing Operations					
Basic	\$3.73	\$3.48	7%	\$3.69	-6% <sup>(1)</sup>
Diluted	\$3.72	\$3.47	7%	\$3.68	-6% <sup>(1)</sup>
Annualized Dividends Per Share	\$1.62	\$1.48	9%	\$1.30	14%
Total Assets	\$1,783,198	\$1,693,671	5%	\$1,414,934	20%
Stockholders’ Equity	\$561,577	\$518,439	8%	\$486,294	7%

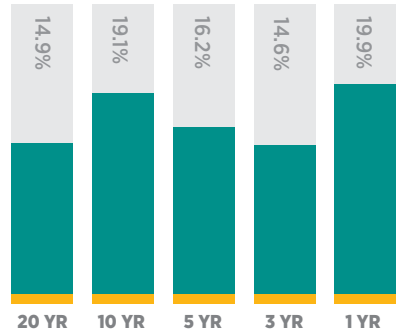
## Other

Employees	955	983	-3%	945	4%
Shares Outstanding at Year End	16,403,776	16,378,545	N/M/F <sup>(2)</sup>	16,344,442	N/M/F <sup>(2)</sup>
Average Distribution Customers	255,623	247,487	3%	240,323	3%

<sup>1</sup>2017 includes one-time Tax Cuts & Jobs Act benefit.

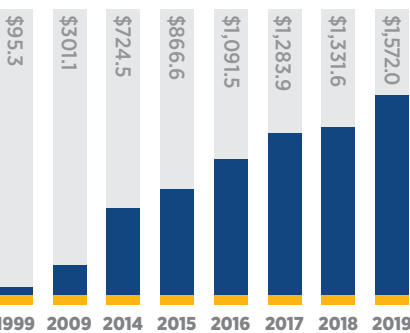
<sup>2</sup>Not a meaningful figure.

Compound Annual Shareholder Return  
(Periods Ended 12/31/19)



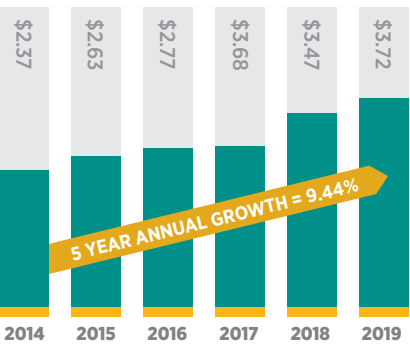
Our investors have earned 15% annually or greater on their Chesapeake Utilities’ investment.

Market Capitalization at December 31  
(in millions)



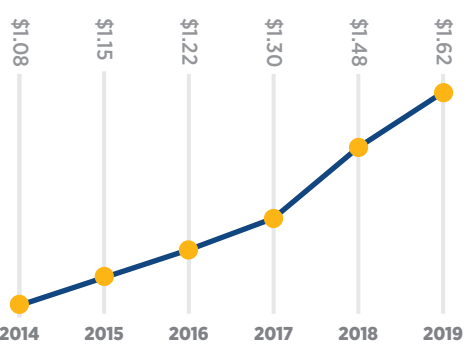
In the past 10 years, we have doubled our market capitalization twice.

Diluted Earnings Per Share  
from Continuing Ops



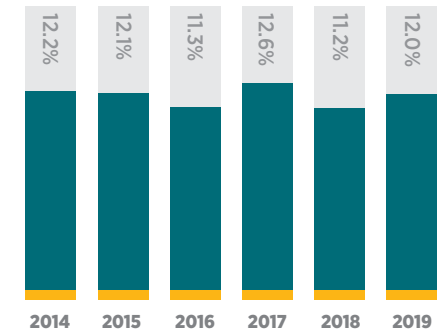
2019 Earnings Per Share from Continuing Operations was a record \$3.72, an increase of \$.25 or 7.2% over 2018.

Annualized Dividends Per Share



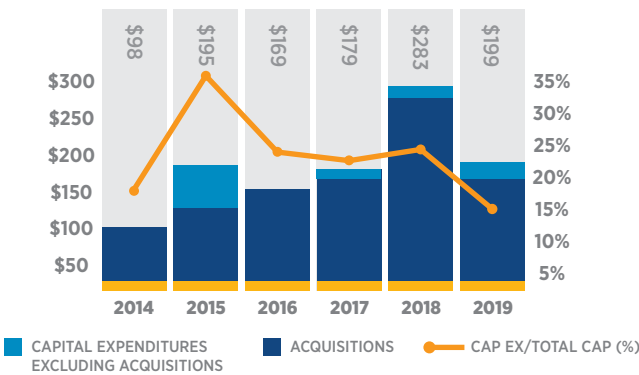
Our Board of Directors declared a dividend increase of 9.5%.

Average Return on Equity  
from Continuing Ops



In 2019, we achieved a 12% Return on Equity.

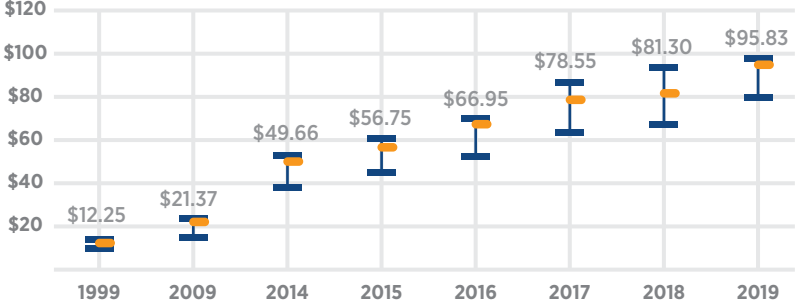
Annual Capital Expenditures  
(in millions)



We invested \$199 million in new Capital Expenditures in 2019.

Annual Stock Price Range

(The closing price for each year is noted and shown within the annual range.)





# Driven By Our Team

March 18 and April 18 commemorate National Gas Workers' Day and Line Workers' Appreciation Day, respectively. Chesapeake Utilities celebrates these days in honor of our employees for their dedication, hard work and impactful community involvement that contribute to providing safe, reliable and efficient energy service. Left to right, are Bradley Flowers, Senior Lineman; and Kevin Harris, Senior Lineman.



# Our Company

**Chesapeake Utilities Corporation is a NYSE-traded company (CPK), headquartered in Dover, Delaware.**

*Through our operating divisions and subsidiaries, we are a diversified energy delivery company engaged in distribution of natural gas, propane gas and electricity; the transmission of natural gas; the generation of electricity and steam; mobile CNG solutions; and other businesses.*

We are rooted in a tradition of teamwork and leadership driven by an entrepreneurial spirit that guides us every day. Our employees, who collaborate across the Company, are diligent in providing innovative and safe energy solutions to serve our customers and to support our communities, while positioning us for continuous long-term growth.

With accountability and guidance from our Board of Directors and leadership, along with the dedicated efforts of our employees, we are a trusted energy provider.

Safety is the cornerstone of our responsibility to employees, customers and communities. We continually provide a safer workplace for our employees, and safe and reliable energy options and service for customers within our communities.

Our employees are dedicated to being accountable for establishing and maintaining the highest standards across our organization. As leaders in safety, our employees champion the safety and well-being of fellow coworkers

**\$1.8B**

*total assets at December 31, 2019*

**160+**

*years operating as an energy delivery company*

**13**

*years of superior earnings growth*

*Safety is the cornerstone of our responsibility to employees, customers and communities.*

and those we serve. We work collectively with public officials, emergency responders, customers and safety advocates to encourage best practices and a broader safety culture embedded within our local communities.

As a responsible and trusted energy provider, safety and operational compliance activities are significant and continue to drive investments in our existing gas and electric distribution and gas transmission businesses. Since 2012, we have invested \$144 million in our Gas Reliability and Infrastructure Project in Florida, improving our gas distribution systems.

Our commitment to ensuring safety and compliance in our operations and everyday processes has consistently led to industry recognition for our efforts to improve service reliability and sustain employee, customer and community safety. In 2019, Florida Public Utilities Company and Aspire Energy earned Safety Achievement Awards from the American Gas Association.

**29**

*American Gas Association Safety Achievement Awards earned over the past 17 years*

**\$144M**

*invested, since 2012, in Gas Reliability and Infrastructure Project in Florida, improving our gas distribution systems*

**525+**

*safety training and outreach events conducted in the last three years with first responders, firefighters, students and local businesses*

**TOP:**

Across our Company, our employees are vigilant about following safety guidelines and procedures, and promoting the safety of our energy services through awareness and training programs within our organization and communities. Bill Hermstedt, Manager, Pipeline Safety, left; and Anthony Coker, Training Coordinator, right, educate and inform local high school students about the significance of safety within our Company and the energy industry, while indicating the components of our Chesapeake Utilities Safety Trailer.

**BOTTOM:**

Colleen Dalious, Pipeline Locator Technician I, is responsible for safely and accurately locating gas lines to ensure that colleagues and contractors can operate in complete safety, with full knowledge of the location of any underground utility lines they may encounter.





# Our Company: Business Operations

## Natural Gas Transmission

### EASTERN SHORE NATURAL GAS COMPANY (ESNG)

Owns and operates a 500-mile interstate pipeline that transports natural gas from four pipeline interconnection points in Pennsylvania to customers in Delaware, Maryland and Pennsylvania. ESNG transports over 50 billion cubic feet (BCF) of natural gas annually to local distribution companies, electric power generators and industrial customers throughout the region. In 2019, ESNG completed the construction of the largest system expansion project in the Company's history increasing its capacity by 26%.

**500** miles of pipeline  
**50** BCF of natural gas transported a year

### PENINSULA PIPELINE COMPANY (PPC)

Owns and operates several intrastate natural gas pipelines throughout seven counties in Florida. PPC provides transportation service that links interstate pipelines to local distribution systems, industrial customers and power generation facilities. PPC completed recent expansions in Northwest Florida and West Palm Beach, FL.

**106** miles of pipeline  
**7** counties served throughout Florida

### ASPIRE ENERGY

Owns and operates natural gas gathering infrastructure throughout 40 counties in Ohio. Provides natural gas supplies to several local distribution companies and cooperatives. Primarily sources gas from approximately 300 conventional producers and provides additional services to maintain quality and reliability to wholesale markets.

**2,700** miles of pipeline  
**40** counties served throughout Ohio  
**300** sourced conventional producers

*In 2019, we integrated the Delaware, Florida, Maryland and Ohio transmission operations to promote greater collaboration and process standardization among similar functional units.*

## Natural Gas Distribution and Electric Distribution

### CHESAPEAKE UTILITIES

Owns and operates approximately 1,400 miles of gas distribution mains in Delaware and Maryland. Chesapeake Utilities distributes natural gas through its Delaware and Maryland divisions to approximately 70,000 residential, commercial and industrial customers.

In December 2019, we entered into an agreement with South Jersey Industries to acquire Elkton Gas. Elkton Gas serves approximately 7,000 natural gas customers within a franchised area in Cecil County, MD.

**1,400** miles of gas distribution mains  
**70,000** customers

### SANDPIPER ENERGY

Serves approximately 11,000 residential, commercial and industrial customers in Worcester County, MD. Originally comprised of propane distribution systems acquired in 2013, Sandpiper Energy is progressing with more than 9,300 accounts converted from propane gas to natural gas. Sandpiper Energy currently owns and operates over 300 miles of natural gas distribution mains.

**300** miles of gas distribution mains  
**11,000** customers

### FLORIDA PUBLIC UTILITIES COMPANY (FPU)

Owns and operates approximately 2,900 miles of natural gas distribution mains across 21 counties in Florida. FPU and our Florida division of Chesapeake Utilities Corporation distribute natural gas to approximately 83,000 customers.

FPU also owns and operates electric utility assets across four counties in Florida and distributes electricity to approximately 32,000 customers.

**2,900** miles of gas distribution mains  
**115,000** natural gas and electric customers

## Propane Distribution

### SHARP ENERGY, INC. AND FLO-GAS

Distribute propane to customers in Delaware, Maryland, Virginia and southeastern Pennsylvania (Sharp Energy); and Florida (Flo-Gas). In 2019, we integrated our propane operations in Delaware, Florida, Maryland, Pennsylvania and Virginia to promote greater collaboration and process standardization among similar functional units. Collectively, Sharp Energy and Flo-Gas distribute propane gas to approximately 60,000 customers. Sharp AutoGas fuels over 1,500 vehicles and is available at 48 propane fueling stations in Delaware, Florida, Maryland, Pennsylvania and Virginia.

**60,000** customers  
**1,500** vehicles fueled via AutoGas

## Energy Delivery Development

### EIGHT FLAGS ENERGY, LLC

Provides electricity and steam generation services through a combined heat and power (CHP) plant on Amelia Island, FL, serving approximately 50% of Amelia Island's demand for electricity. The CHP plant produces electricity, steam and water with less air pollutants and water usage, meeting an 80% efficiency target and cutting overall energy consumption in half.

**21** megawatts of baseload power  
**80%** efficiency

### MARLIN GAS SERVICES

Maintains one of the largest fleets of compressed natural gas (CNG) steel tube trailers consisting of various sizes to provide solutions for all of its customers' various applications nationwide. Marlin offers interim and long-term natural gas solutions when pipeline supplies are not available, traditional methods cannot meet customer requirements and during pipeline outages. Marlin continues to actively expand the territories it serves, as well as to leverage its personnel and technology to serve liquefied natural gas (LNG) uses and to provide transportation services for renewable natural gas (RNG) from supply sources to various pipeline interconnection points.

**256,000**  
distribution customers

**7,906**  
miles of gas pipeline and distribution mains

**86**  
counties served throughout our business areas

**TOP:**  
Darrel Ragoonath, Measurement Technician II.

**BOTTOM:**  
Patty Connors, Specialist, Safety & Compliance.







# Driven By Commitment

Chesapeake Utilities is a long-standing supporter of Habitat for Humanity in Delaware and in Florida. Employee volunteers joined the Central Delaware Habitat for Humanity's Framing Frenzy event, held at our Energy Lane complex in Dover, DE. The build-out of the frames for the Habitat for Humanity home took place at the future site of our Safety Town, a new safety facility for our Company's use, which will provide safety training and awareness for employees, first responders and our communities.



# Corporate Governance & ESG

**Named 2019 Governance Team of the Year by *Corporate Secretary* magazine at the 12th Annual Corporate Governance Awards Ceremony, recognizing the best overall corporate governance team among small to mid-cap companies in the country.**

*“This award recognizes the depth of strong governance practices throughout our organization and acknowledges our special culture of discipline, integrity, accountability, authenticity and diversity. As our long-standing ESG story continues to unfold, we are honored to be recognized among our peers in the corporate governance industry.”*

JAMES MORIARTY, EXECUTIVE VICE PRESIDENT,  
GENERAL COUNSEL, CORPORATE SECRETARY  
AND CHIEF POLICY AND RISK OFFICER

Chesapeake Utilities is strongly committed to sound corporate governance principles and the highest standards of ethical conduct. These values are aligned with our culture and are the foundation for our position on Environmental, Social and Governance (ESG) considerations.

ESG is embedded in our Company’s DNA and is essential in determining our strategic priorities, beginning with guidance and clarity from our Board of Directors to structure and support provided by leadership, and extending to the practices of our employees.

A comprehensive effort continues across our Company where our talented and diverse employees strive to enhance our ESG approach that is centered on the needs of our customers and communities. We invest in these initiatives to sustain our businesses, but more importantly, because it is the right thing to do. Throughout our business areas, we continue to identify reliable and efficient energy solutions and improved options for the safety and well-being of our customers, while contributing to the betterment of our communities. Our legacy of caring also advances our ESG approach within our organization. Diverse teams and experiences bring value to our Company and the industry. As such, we promote a workplace that embraces different backgrounds, perspectives and ideas. We continue to honor our responsibility to operate in a safe and environmentally friendly manner and work to improve our stewardship to facilitate sustainable practices. Our employees’ support and participation in our community outreach is invaluable. We encourage our employees to be involved where they live, work and serve through volunteer and community partnerships.

As part of our ESG approach, we have established a Working Group, including leaders from across the business areas, who are charged with the development, execution and communications of the Company’s ESG strategy. The Working Group, with our business areas, ensures that the appropriate structures and processes are in place to continuously support the Company’s sustainable goals.



In 2020, we will be unveiling our ESG 160 video that conveys our established history of ESG practices and our employee-centric culture.

Please continue to visit our Company’s microsite, which is the site for our upcoming ESG 160 video at [www.cpkannualreport.com/2019/](http://www.cpkannualreport.com/2019/) and learn more about our Company initiatives and employees, who enrich our culture and reinforce our governance principles.



**TOP:**  
In 2019, employee volunteers joined other community partners to build a playground at the Greater Dover Boys & Girls Club in Dover, DE. The organization serves more than 1,000 youth a year and the playground provides children with a safe place to play in a structured environment. Left to right, are Hyun Lee, Safety, Compliance and Training Coordinator; and Patrick Conlon, Senior Program Analyst.

**MIDDLE:**  
For more than 20 years, FPU has championed the fight for the health of moms and babies as a sponsor of the annual March of Dimes walk in West Palm Beach, FL.

**BOTTOM:**  
Tom Kosikowski, Senior Data Analyst, assists teammates at the Habitat for Humanity Framing Frenzy event as Chesapeake Utilities welcomed the opportunity to build the wall frames of a home for a local family.



# Corporate Governance & ESG:

## Our Culture

The key to our success is our strong culture that fully engages our employees and promotes integrity, accountability and reliability with the safety of those we serve as our highest priority.

*Chesapeake Utilities is a responsible company that cultivates a diverse and high-performance workforce, encouraging employees to be authentic leaders and to contribute in meaningful ways.*

Chesapeake Utilities' Women in Energy committee hosted a STEM event in Delaware to inform local high school students about the career opportunities within the energy industry and specifically at Chesapeake Utilities.



8
consecutive years recognized as a Top Workplace
955
total employees
32%
women employees
10
years for average employee tenure
8%
of active full-time employees are veterans

Chesapeake Utilities was recognized as a Top Workplace by Energage, a research firm that specializes in organizational health and workplace engagement. The Company was named a top place to work in Delaware for the eighth consecutive year, and in central Florida, Florida Public Utilities Company earned Top Workplace recognition for the first time.



Preya John, Manager, Propane Operations, conducts a tour for our Regulatory and Government Affairs team at the Company's propane bulk storage facility in Lantana, FL. Left to right, are Justin Mulcahy, Regulatory & Government Affairs Manager; Jeff Sisolak, Supervisor, Propane Operations; Preya John, Manager, Propane Operations; Steve Baccino, Director, Regulatory & Government Affairs; and Ramiro Sicre, Manager, Governmental Relations.





**TOP:**  
Our collective impact is magnified when colleagues throughout the Company come together to give back to our communities. Through donations and volunteerism, our business areas partnered with local food banks and other organizations in support of their hunger-relief programs within our communities. Left to right, are Nick Cronell, ADDs Billing Analyst; Kathy Welch, Regulatory Affairs Consultant; Leona Solomon, Propane Clerk; and Jessica Husted, Senior Auditor.

**BOTTOM:**  
For the third consecutive year, Sharp Energy made a contribution at the “Help Our Kids” radiothon to the Nemours Alfred I. duPont Hospital for Children in Wilmington, DE. The proceeds support the hospital’s Child Life Program and include donations from an annual fundraiser event and funds contributed for each gallon of propane gas that the Sharp Energy Nemours Charity Bobtail delivers. Left to right, are Andy Hesson, Vice President, Propane Operations; Eric Mays, Director, Marketing; Jessica Cox, Marketing Coordinator; Beth Cooper, Executive Vice President and CFO; Suzy Hutchison, Manager, Marketing & Communications; Mandie Granger, Regional Manager; and Jim Moriarty, Executive Vice President, General Counsel, Corporate Secretary, and Chief Policy and Risk Officer.

# Corporate Governance & ESG:

## Caring is Always in Season

As part of our continued commitment to the communities where we live, serve and work, Chesapeake Utilities supports various community outreach initiatives.

We partner with national and local organizations, offering all of our employees the opportunities to engage in volunteer events. Through our outreach, we build lasting relationships with community members and officials to further the betterment of the environment, education, well-being, and economic and social enrichment of our communities.

**665+**  
employees volunteered in 2019

**5,000+**  
hours volunteered by employees in 2019

**\$358k**  
donated to national and local organizations in 2019

**\$650k**  
in grant money distributed over the last 15 years





# Corporate Governance & ESG:

## Our Environmental Responsibility

At Chesapeake Utilities, we draw upon our legacy of expertise to conduct business with environmental responsibility. We are strongly committed to operating in an ecologically-aware manner while increasing environmental benefits in our communities.

### AUTOGAS

25%

less greenhouse gas emissions

20%

less nitrogen oxide

Up to 60%

less carbon monoxide, less particulate emissions

11

million gallons of gasoline and diesel fuel displaced since 2013

### CNG

30%

less greenhouse gas emissions

Up to 85%

less nitrogen oxide

Up to 40%

less carbon dioxide, less particulate emissions

### MARLIN GAS SERVICES

23+

years operating without a single safety incident. Marlin Gas Services is a supplier of mobile CNG and pipeline solutions, and maintains a fleet of steel tube CNG trailers, composite CNG trailers, mobile compression equipment and an internally developed patented regulator system which allows for delivery of over 7,000 Dts/d of natural gas.

### CHP

80%

efficiency target met at Eight Flags Energy CHP Plant—designed to produce electricity, steam and water with less air pollutants and water usage

50%+

reduced emissions including greenhouse gases and reduction in fresh water demand

21

megawatts of baseload power producing enough electricity to meet on average 50% of customer demand on Amelia Island in Florida

### SOLAR<sup>(1)</sup>

538

kW-dc total installed capacity at three individual sites across three business units

2,743

MMbtu of energy conservation

566

metric tons of CO<sub>2</sub> reduction

800,000+

kWh of expected annual production

<sup>1</sup>Chesapeake Utilities installed solar arrays in three of its business locations to reduce its carbon footprint and to minimize the commercial electric utility costs to operate its facilities at Sharp Energy in Georgetown, DE; ESNG's compressor station in Bridgeville, DE; and Aspire Energy in Orrville, OH.



#### TOP:

Marlin Gas Services' fleet consists of steel tube trailers and small capacity composite and high capacity composite trailers dedicated to transporting compressed natural gas (CNG) supplies, using its own tractor cabs and highly trained personnel. An industry leader in mobile compression, Marlin Gas Services continues to actively expand the territories it serves as well as leverages its patented technology to potentially serve liquefied natural gas and renewable natural gas transportation needs.

#### BOTTOM LEFT:

Chesapeake Utilities provides compressed natural gas (CNG) as an environmentally friendly alternative fuel for vehicles to reduce emissions in fleets and personal Natural Gas Vehicles. Throughout the Company, we partner with local officials and organizations to improve air quality and increase the use of cleaner fuels for transportation. Left to right, are Dave Detrick, Manager, Sales and Pre-Customer Integration; John Martin, Business Development Account Manager; Shane Breakie, Vice President, Chesapeake Utilities and Sandpiper Energy; and Dean Holden, Manager, Business Development & Sales.

#### BOTTOM RIGHT:

Pictured, is the natural gas turbine at our Eight Flags Energy combined heat and power (CHP) plant on Amelia Island, FL. The CHP plant is designed to produce electricity, steam and water with less air pollutants and water usage, meeting an 80% efficiency target; and is modeled to enhance the overall on-site power transmission lines — keeping power on for customers in times of need.

As part of our strategic approach, our businesses strive to identify solutions for more efficient energy use, generate savings for our customers and reduce carbon emissions within our business operations and the communities we serve.





**Driven By  
Leadership**



# Our Leadership



**Jeffrey M. Householder**  
President & Chief Executive Officer



**Jeffrey S. Sylvester**  
Senior Vice President, Pipeline  
Transmission and Regulated  
Gas and Electric Distribution



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



**Andrew R. Hesson**  
Vice President, Propane Operations



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



**Kevin J. Webber**  
Senior Vice President,  
Unregulated Energy Delivery  
and Business Development



**Shane E. Breakie**  
Vice President, Chesapeake  
Utilities and Sandpiper Energy



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



**James F. Moriarty**  
Executive Vice President, General  
Counsel, Corporate Secretary  
and Chief Policy and Risk Officer



**Louis J. Anatrella**  
Vice President and Chief Human  
Resources Officer



**Michael D. Galtman**  
Vice President and  
Chief Accounting Officer



**Cheryl M. Martin**  
Vice President, Regulatory Affairs



**Joseph D. Steinmetz**  
Vice President and Controller



**William D. Hancock**  
Assistant Vice President,  
Fuel Supply and Logistics



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



**Jeffrey R. Tietbohl**  
Vice President and Chief Operating Officer,  
Eastern Shore Natural Gas Company, Peninsula  
Pipeline Company and Aspire Energy



**Barry D. Kennedy**  
Assistant Vice President,  
Florida Natural Gas Distribution



**Drane A. Shelley**  
Assistant Vice President,  
Florida Electric Distribution



**Michael D. Cassel**  
Assistant Vice President,  
Regulatory Affairs and  
Business Analysis



**Stacie L. Roberts**  
Assistant Vice President  
of Corporate Governance



# Our Board of Directors



**John R. Schimkaitis** ■

DIRECTOR SINCE 1996

Chair of the Board, Retired President and Chief Executive Officer, Chesapeake Utilities Corporation



**Ronald G. Forsythe, Jr., Ph.D.** ■ ■ ■

DIRECTOR SINCE 2014

Chief Executive Officer, Qlarant Corporation, Easton, Maryland



**Dennis S. Hudson, III** ■ ■ ■

DIRECTOR SINCE 2009

Chair & Chief Executive Officer, Seacoast National Bank & Seacoast Banking Corporation of Florida, Stuart, Florida



**Calvert A. Morgan, Jr.** ■ ■ ■ ■

DIRECTOR SINCE 2000

Retired Director and Former Special Advisor, WSFS Financial Corporation, and Retired Director and Former Vice Chair, Wilmington Savings Fund Society (WSFS Bank), Wilmington, Delaware; Retired Chair, President & Chief Executive Officer, PNC Bank, Delaware, Wilmington, Delaware



**Eugene H. Bayard** ■ ■

DIRECTOR SINCE 2006

Of Counsel, Morris James LLP, Georgetown, Delaware



**Thomas P. Hill, Jr.** ■ ■ ■ ■

DIRECTOR SINCE 2006

Retired Vice President of Finance & Chief Financial Officer, Exelon Energy Delivery Company, Philadelphia, Pennsylvania



**Lila A. Jaber**

DIRECTOR SINCE 2020

President, Jaber Group Inc., Tallahassee, Florida



**Dianna F. Morgan** ■ ■ ■ ■

DIRECTOR SINCE 2008

Former Senior Vice President, Walt Disney World Co., Orlando, Florida; Past Chair of the Board of Trustees, University of Florida, Gainesville, Florida



**Thomas J. Bresnan** ■ ■ ■ ■

DIRECTOR SINCE 2001

Owner & President, Career School of the Rockies and Denver Accounting Services, Denver, Colorado



**Jeffry M. Householder** ■ ■ ■ ■

DIRECTOR SINCE 2019

President and Chief Executive Officer, Chesapeake Utilities Corporation



**Paul L. Maddock, Jr.** ■ ■ ■ ■

DIRECTOR SINCE 2009

Chief Executive Officer and Manager, Palamad, LLC, Palm Beach, Florida

## AUDIT COMMITTEE

Thomas J. Bresnan — CHAIR  
Ronald G. Forsythe, Jr., Ph.D.  
Thomas P. Hill, Jr.  
Dennis S. Hudson, III

## COMPENSATION COMMITTEE

Dianna F. Morgan — CHAIR  
Ronald G. Forsythe, Jr., Ph.D.  
Dennis S. Hudson, III  
Calvert A. Morgan, Jr.

## CORPORATE GOVERNANCE COMMITTEE

Calvert A. Morgan, Jr. — CHAIR  
Eugene H. Bayard  
Paul L. Maddock, Jr.  
Dianna F. Morgan

## INVESTMENT COMMITTEE

Jeffry M. Householder — CHAIR  
Thomas J. Bresnan  
Thomas P. Hill, Jr.  
Calvert A. Morgan, Jr.  
John R. Schimkaitis

*Our Board of Directors hold a unique set of skills and expertise that have helped Chesapeake Utilities to build on its foundation of growth and to continue to deliver industry-leading results for shareholders and exceptional service to customers and employees.*



**TOP:**  
Board Member Lila Jaber, founder of the Florida Women in Energy Leadership Forum, welcomes attendees to the 2019 Florida Women in Energy Leadership Forum held in St. Petersburg, FL. Jeff Householder, President and CEO; Beth Cooper, Executive Vice President and CFO; and Cheryl Martin, Vice President, Regulatory Affairs, had the opportunity to join Board Member Lila Jaber as speakers on panel discussions at the event.

**BOTTOM LEFT:**  
Left, Board Member Calvert A. Morgan, Jr. is presented with an award from Rob Eppes, President, Junior Achievement of Delaware, Inc., in honor of being inducted in the 2019 Delaware Business Leaders Hall of Fame by the Junior Achievement of Delaware Leadership.

**BOTTOM RIGHT:**  
Our Women in Energy steering committee hosted two motivating events in DeBary, FL, and Dover, DE, welcoming Board Member Dianna Morgan, as the featured guest speaker who shared her experiences in the workplace and encouraged colleagues to continue to seize opportunities to achieve their greatest potential.



# Our History

Since 1859, Chesapeake Utilities Corporation has been energizing our local communities – providing energy solutions for more than 160 years.



In 2019, we were recognized as the longest continuously running company in Dover, DE. This is a testament to our employees, customers, communities and partners who contribute to the Company's commitment to a culture of safety, accountability and growth.

## 1859

Dover Gas Light Company, a gas company located on the corner of New and North Streets in Dover, DE, was started. Dover Gas Light would eventually become Chesapeake Utilities Corporation.



## 1947

Chesapeake Utilities Corporation was incorporated in Delaware.

## 1948

Two natural gas companies, Citizens Gas Company, Salisbury, MD, and Sussex Gas Company, Seaford, DE, were acquired.



## 1955

Eastern Shore Natural Gas Company (ESNG) was incorporated in Delaware. By 1966, ESNG extended a pipeline from Bridgeville, DE, to Cambridge and Easton, MD.



## 1959

ESNG extended a pipeline from Parkesburg, PA, to Salisbury, MD, and began delivering gas to its customers in the region. During this time, Chesapeake Utilities Corporation converted three operating facilities from propane to natural gas.



## 1980

Chesapeake Utilities Corporation acquired its first propane company, Mitchell's Gas Service, Laurel, DE.

## 1981

Clarence E. Sharp Company, Georgetown, DE, a propane distribution company, was acquired. Sharpgas, Inc., dba Sharp Energy, was formed to consolidate Chesapeake's propane distribution operations.

## 1985

Central Florida Gas Company, Winter Haven, FL, a natural gas distribution company, was acquired. Chesapeake Utilities Corporation's common stock began trading on the NASDAQ National Market System.

## 1986

Cambridge Gas Company, Cambridge, MD, a natural gas distribution company, was acquired.

## 1988

Plant City Natural Gas Company, Plant City, FL, a natural gas distribution company, and Kellam Energy Inc., Belle Haven, VA, a propane company, were both acquired.



## 1993

Chesapeake Utilities Corporation began trading on the NYSE as CPK.



## 1998

Central Florida Gas Company's service territory expanded to include Gadsden and Citrus Counties.

## 2009

The Company completed the acquisition of Florida Public Utilities Company, which distributes natural gas, propane gas and electricity throughout Florida.



## 2013

Chesapeake Utilities Corporation initiated service of its Sharp Energy AutoGas, a viable alternative fuel for automobiles that reduces emissions and lowers costs.

The Company purchased the operating assets of Eastern Shore Gas, now operating as Sandpiper Energy, Inc., to provide service to customers in Worcester County, MD.



## 2015

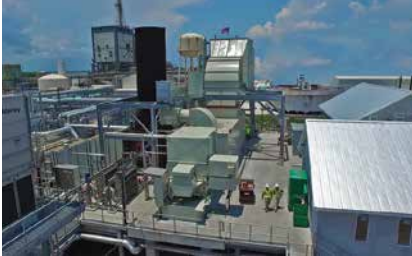
The Company completed the merger of Gatherco, Inc. into Aspire Energy of Ohio, LLC, to provide natural gas midstream services, processing and transportation services.



## 2016

Chesapeake Utilities Corporation celebrated the commencement of operations for Eight Flags Energy, LLC, the Company's first combined heat and power plant, located on Amelia Island in Fernandina Beach, FL. The plant generates approximately 21 megawatts of baseload power, producing enough electricity to meet 50% of the Island's demand.

Chesapeake Utilities Corporation rings The Closing Bell® at the NYSE.



## 2017

Chesapeake Utilities Corporation expanded its natural gas service in Escambia County, FL, distributing natural gas to the city of Pensacola and surrounding areas.

The Company placed into service an AutoGas propane fueling station for fleet vehicles located near the Baltimore/ Washington International (BWI) Airport. Airport shuttles, school bus companies, and commercial fleets use this new fueling station to power their fleets with propane, a preferred alternative fuel option that reduces emissions and yields savings.

## 2018

The Company purchased the operating assets of Chipola Propane Gas Company in Marianna, FL, expanding our propane presence in Northwest Florida.

The Company acquired Marlin Gas Services, a virtual pipeline providing energy solutions throughout the nation. Marlin maintains one of the largest fleets of steel trailers dedicated to compressed natural gas transport; and leverages its patented regulator system to potentially serve liquefied natural gas and renewable natural gas transportation needs.

The propane operating assets of Ohl Propane were purchased, providing propane service to more than 2,500 residential and commercial customers in Carbon, Monroe, Northampton, Lehigh, and Schuylkill Counties in Pennsylvania.



## 2019

Chesapeake Utilities Corporation completed and placed in-service the Eastern Shore Natural Gas 2017 Expansion, the single largest transmission system expansion in the Company's history. The expansion increased delivery capacity by 26%, and helps to meet the growing energy requirements of southern Delaware and the Eastern Shore of Maryland.

Chesapeake Utilities Corporation celebrated 25 years of being listed on the NYSE by ringing The Opening Bell® at the NYSE.

The propane operating assets of Boulden Propane in Newark, DE, were acquired, increasing service to an additional 5,200 residential and commercial customers.

The Company opened its new compressed natural gas (CNG) fueling station in Dover, DE, providing an alternative fuel to reduce emissions in transportation applications.

The Company entered into an agreement to acquire Elkton Gas, providing natural gas to approximately 7,000 residential and commercial customers in Cecil County, MD.









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