

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** November 29, 2018

**TO:** Office of Commission Clerk (Stauffer)

**FROM:** Division of Accounting and Finance (Hightower, D. Buys, Cicchetti) *DB*  
Office of the General Counsel (Schrader) *MC ALM*

**RE:** 20180192-GU - Application 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 2019, by Chesapeake Utilities Corporation.

**AGENDA:** 12/11/2018 - Consent Agenda - Final Action - Interested Persons May Participate

**SPECIAL INSTRUCTIONS:** None

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Please place the following securities application on the consent agenda for approval.

Docket No. 20180192-GU – Application 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.

Chesapeake Utilities Corporation (Chesapeake or Utility) seeks authority for the calendar year 2019 to issue up to 8,600,000 shares of Chesapeake common stock; issue up to 2,000,000 shares of Chesapeake preferred stock; up to \$650 million in secured and/or unsecured debt; enter into agreements up to \$200 million in interest rate swap products, equity products and other financial derivatives; and issue short-term obligations in an amount not to exceed \$350 million.

Chesapeake allocates funds to the Chesapeake Utilities Corporation - Florida Division, Florida Public Utilities Company (FPUC), FPUC - Indiantown Division, and FPUC - Fort Meade Division on an as-needed basis. Chesapeake acknowledges that in no event will such allocations to the Florida Divisions exceed 75 percent of the proposed equity securities (common stock and preferred stock), long-term debt, short-term debt, interest rate swap products, equity products, and financial derivatives issued by Chesapeake.

Pursuant to Section 366.04, Florida Statutes (F.S.), the Commission shall have jurisdiction to regulate and supervise each public utility in the issuance and sale of its securities, except a security which is a note or draft maturing not more than one year after the date of such issuance

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and sale and aggregating not more than five percent of the par value of the other securities of the public utility then outstanding.

The amount requested by Chesapeake exceeds its expected capital expenditures of \$216.4 million for Chesapeake Utilities Corporation (\$33.0 million for Florida divisions). The additional amount requested exceeding the projected capital expenditures allows for financial flexibility for the purposes enumerated in the Utility's petition, as well as, unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends the Utility's petition to issue securities be approved.

For monitoring purposes, this docket should remain open until April 30, 2020, to allow the Utility time to file the required Consummation Report.