

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-

DATE: December 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Osorio, D. Buys, Cicchetti) **ALM** **MC**
Office of the General Counsel (Lherisson) **JSC**

RE: Docket No. 20200251-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 in 2021, by Chesapeake Utilities Corporation.

AGENDA: 01/05/21 – Consent Agenda – Final Action – Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

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

Docket No. 20200251-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 in 2021, by Chesapeake Utilities Corporation.

Chesapeake Utilities Corporation (Chesapeake or Utility) seeks authority to issue during calendar year 2021: up to 8.8 million shares of Chesapeake common stock; up to 2.0 million shares of Chesapeake preferred stock; up to \$650 million in secured and/or unsecured long-term debt; to enter into agreements for up to \$200 million in interest rate swap products, equity products and other financial derivatives; and to issue short-term obligations in an amount not to exceed \$500 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.

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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 and sale, and aggregating not more than 5 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 \$186 million for Chesapeake Utilities Corporation. 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 May 6, 2022, to allow the Utility time to file the required Consummation Report.