



Ocean Pines Association Information Meeting

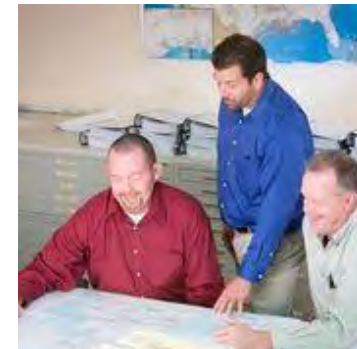
March 10, 2016

AGENDA

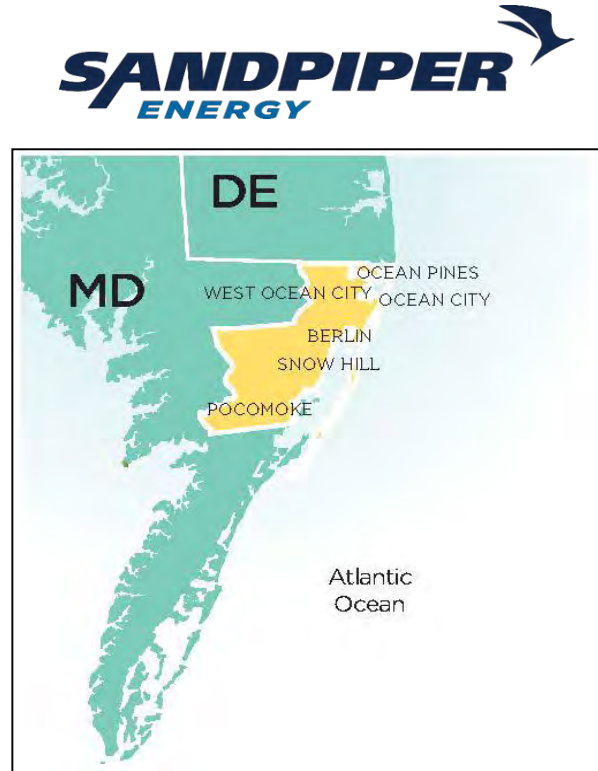
- Introduction
- Company History – Who We Are
- Safety
- Benefits of Natural Gas
- The Conversion Process
- FAQs
- Informational Breakout Session
- Contact Information

WHO WE ARE

- NYSE: CPK
- Diversified energy company:
 - natural gas distribution, transmission, gathering and processing, and marketing;
 - electricity distribution (Florida);
 - propane gas distribution and wholesale marketing.
- Headquartered on the Delmarva Peninsula.
- Significant natural gas transmission and distribution facilities on the Peninsula.



We are proud to serve Communities throughout Delmarva.



Our Values



Delivering energy services with care since 1947, all of the Chesapeake companies share the same values. Aspiring and caring capture the essence of who we are. We have a talented workforce of experienced professionals with diverse backgrounds who take pride in their work. We are committed to meeting the highest standards for our customers and communities.

Our History



1859 – Dover Gas Light Company, a gas company located in Dover, Delaware, was started and would eventually become Chesapeake Utilities Corporation.

1947 – Chesapeake Utilities Corporation was incorporated in Delaware.



1955 – Eastern Shore Natural Gas Company was incorporated in Delaware. By 1966, ESNG extended a pipeline from Bridgeville to Cambridge and Easton.

1980 – Chesapeake Utilities acquired its first propane company, Mitchell's Gas Service in Laurel, Delaware. One year later, Clarence E. Sharp Company was acquired and SHARPGAS, INC (DBA SHARP ENERGY) was formed.



1985 – Central Florida Gas Company, a natural gas distribution company in Winter Haven, Florida, was acquired.

Our History



1993 – Chesapeake Utilities Corporation stock began trading on the New York Stock Exchange (NYSE: CPK).

2009 – Completed the acquisition of Florida Public Utilities creating an energy company serving approximately 200,000 customers in the Mid-Atlantic and Florida markets.



2013 – The Company purchased the operating assets of Eastern Shore Gas, now operating as Sandpiper Energy, Inc., to provide a broader range of services to customers in Worcester County, MD.



2015 – Completed the merger of Gatherco, Inc. into Aspire Energy of Ohio to provide natural gas midstream services, processing and transportation services to over 300 producers, and wholesale natural gas supply to over 30,000 end users in Ohio.

Corporate Logo



Business Unit Logos








SAFETY

Safety – ALWAYS Our Priority

- Call 911 or 1.800.427.0015 if you smell gas
- Call before you dig – 811 / Miss Utility
- We provide free training to Fire Company Personnel
- During the process we will inspect your gas appliances and piping so that you can feel secure that your internal gas delivery system will be safe once we complete the conversion
- We are continuously proactive in inspecting our gas lines
- Recently completed a leak survey of the entire OPA area
- Annually, we send out our Public Awareness brochure to customers and non-customers within 500 feet of our gas lines



THE BENEFITS OF NATURAL GAS

Natural Gas Benefits

Energy Smart

- Natural gas is dependable and reliable.
- Natural gas is safe.
- Natural gas is domestic. About 99% of the natural gas consumed in the United States is produced in North America – natural gas can help to reduce dependence on foreign fuel sources.

Environmentally Smart

- Natural gas is clean. It has lower emissions than the dirty fossil fuels.
- By displacing dirtier fuel sources such as coal and fuel oil, natural gas can help to lower the region's carbon footprint and help to address a number of environmental concerns.
- Natural gas is efficient. About 90% of the natural gas produced is delivered to customers as useful energy.

Economically Smart

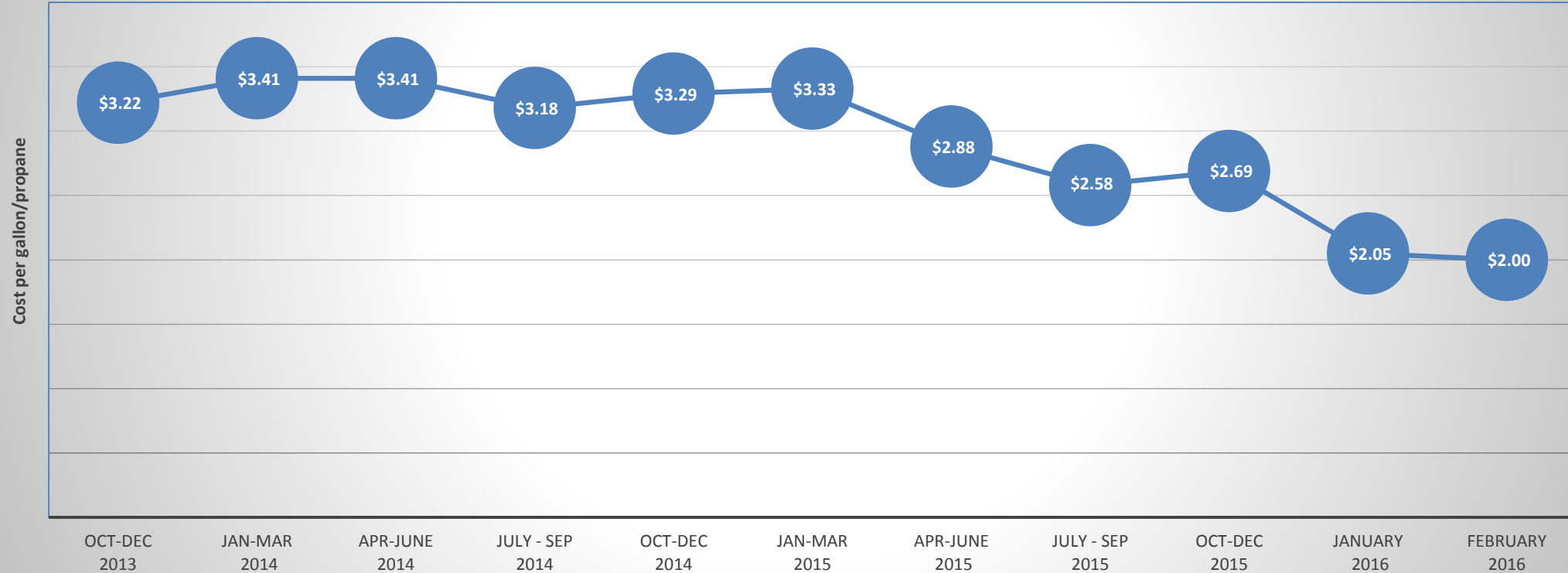
- Natural gas is economical. Natural gas provides economic benefits to the areas in which it serves through jobs, investment and tax revenues.
- Price spreads between natural gas and either oil and propane are projected to continue, therefore the lower energy costs associated with natural gas usage can result in lower fuel costs to the consumer and enhanced viability for businesses which leads to saving jobs.

Environmental Benefits of Natural Gas

- Already displacing 700,000 gallons of NO. 2 oil annually within Worcester County and reducing CO2 by over 1,600 tons per year just with 3 large oil customers converting to natural gas.
- Equivalent to taking over 275 cars off the road.
- It took an estimated 75 truckload deliveries to provide oil to those accounts and those trucks aren't needed on local roads any more.
- When OPA converts fully to natural gas, CO2 emissions will be cut by over 2,000 tons per year. This is the equivalent of taking about 350 cars off the road.

Economic Benefits of Natural Gas




Sandpiper Energy
Residential Heating
Cost per Gallon Propane Equivalent



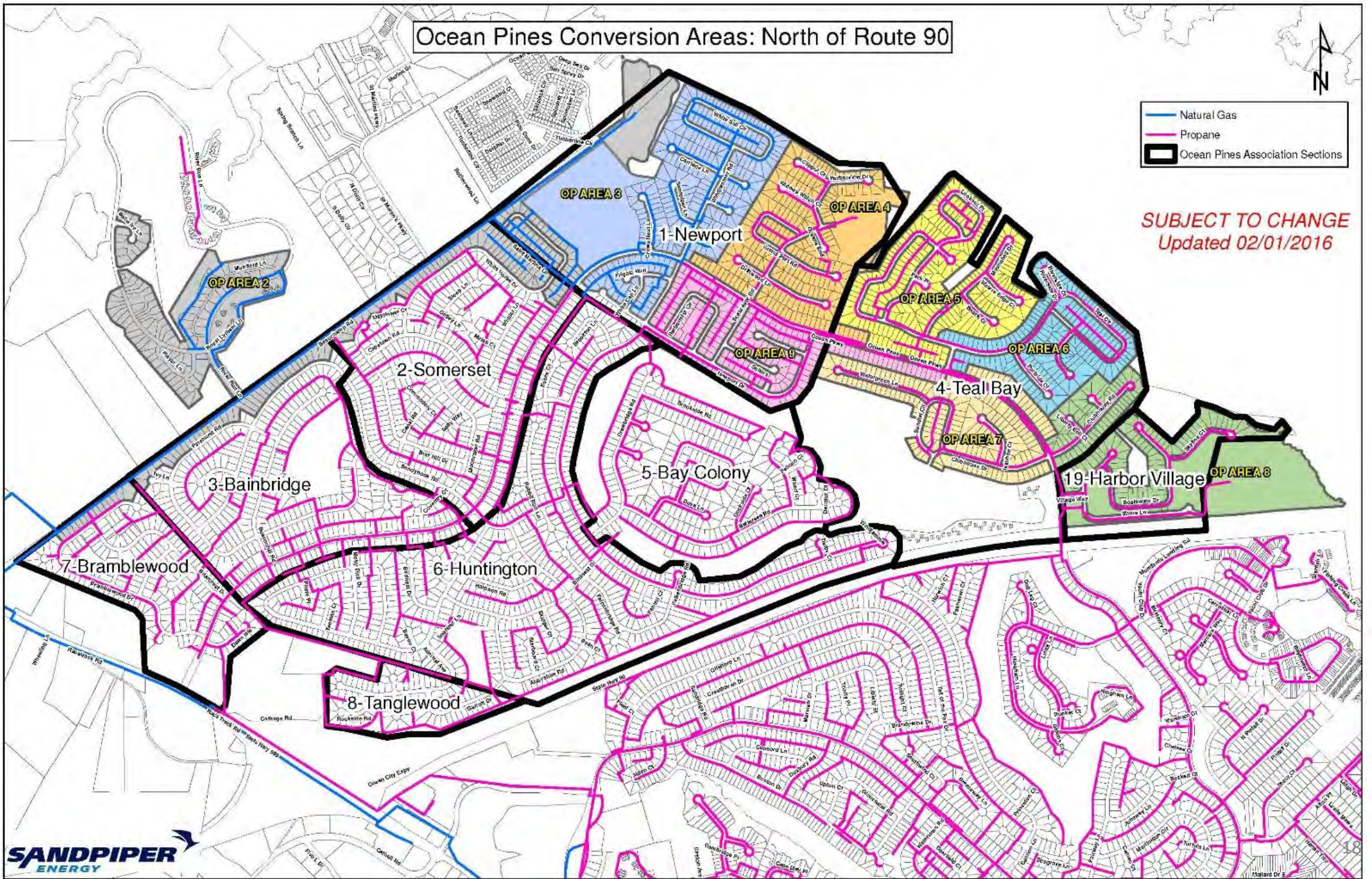
CONVERSION PROCESS

Ocean Pines Conversion Areas: North of Route 90



-  Natural Gas
-  Propane
-  Ocean Pines Association Sections

SUBJECT TO CHANGE
Updated 02/01/2016



Conversion Process – Preliminary Staging & Communications

Postcards Sent

- Postcards are sent to residents in next area to be converted approximately 4 to 6 weeks in advance of the beginning of the conversion process



System Preparation

- Valves are installed to “sectionalize” the system to prepare for conversions, for safety & logistical purposes
- Temporary tanks are set within 1 -2 weeks of postcards being sent. They will be removed once the conversion process is complete
- Gas lines are purged of remaining propane. Purging may require flaring of excess propane, and should occur within one week prior to the beginning of the conversion process
- Meter Bars and Meter Stops installed.





Dear Customer,

Sandpiper Energy, a Chesapeake Utilities company, is undergoing a process to convert all of our customers in your area from Propane to Natural Gas. Prior to converting your Propane equipment to Natural Gas, we will need to evaluate your gas fired appliances and gas piping. Our Technicians will be in your area the week of _____ going door-to-door to conduct these evaluations.

If you would like to schedule a specific time for your evaluation or if you have any questions please contact our Conversion Department at **855.290.9628**. Please note that we may need to install a temporary propane tank on your property during this process.

Thank you for your prompt attention to this matter, and we look forward to working with you during the conversion process. For more information on Sandpiper Energy, please visit us at www.sandpiper-energy.com.

The Sandpiper Energy Conversion Team

Conversion Process – Preliminary Staging & Communications (Cont'd)



- Customer appliance surveys begin 1 to 2 weeks after postcards are sent. Date range will be on the postcard.
- Conversion Coordinator goes door-to-door and completes survey; OR
- Customer can schedule specific time for survey.

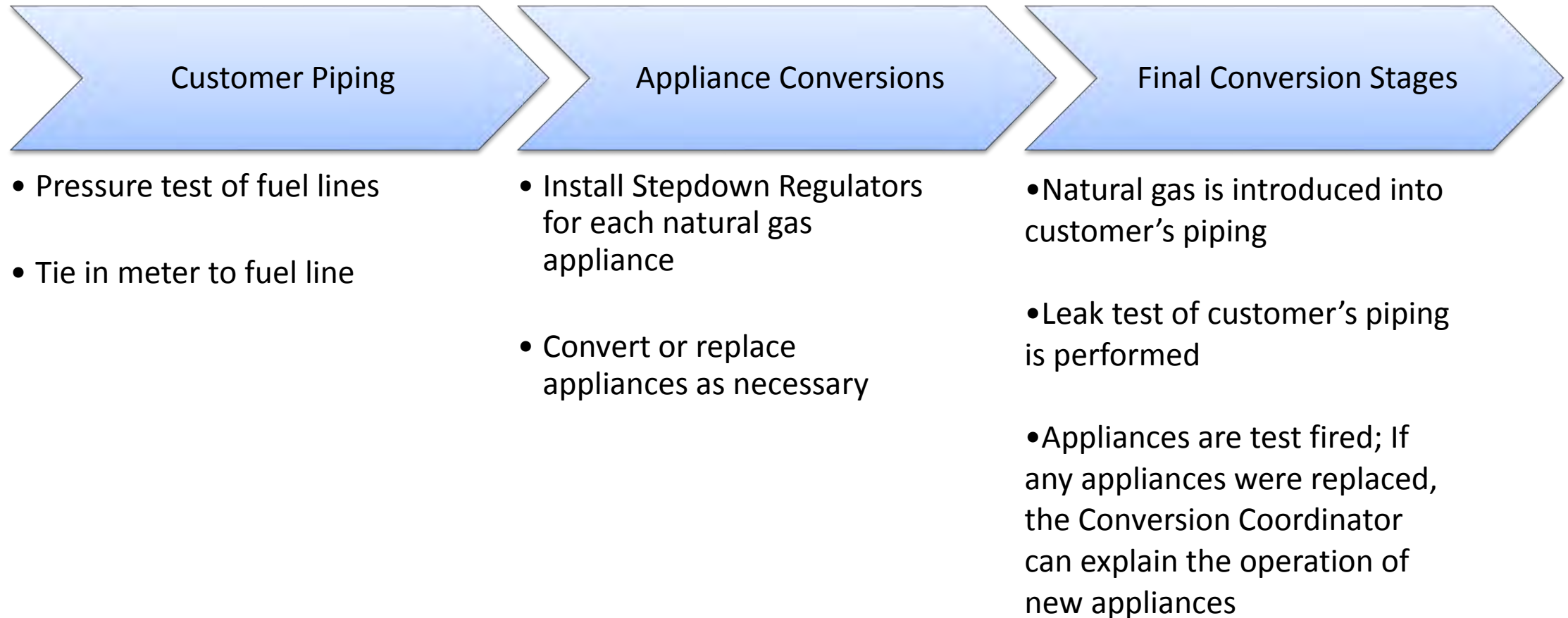
- Once lines are fully purged of propane, Sandpiper will begin flowing natural gas in the mains.
- Occurs approximately 1 week prior to the beginning of the conversion process.

- Leak Surveys are performed for all mains and services being converted – typically happens within 1 – 2 days following the introduction of natural gas.

- Once the distribution system is fully transitioned to natural gas, a Conversion Coordinator will call each customer to schedule conversions.



Conversion Process – Day of Conversion



Conversion Process – After the Conversion



- All temporary tanks are removed; the conversion in this area is complete, and Sandpiper moves to the next area for conversion

- Next customer bill after conversion will be in natural gas units
- Billing will be the same except it will now be in natural gas equivalents

- Call Conversion Coordinator at 855.290.9628 if there are any concerns with appliances; they will come out for an inspection

FAQs

FAQs – Safety/Operations

WHAT DOES NATURAL GAS SMELL LIKE?

Natural gas is odorless by nature. For safety's sake, an odorant called mercaptan is added so that you will know if gas is escaping and recognize that a potentially dangerous situation may exist. If you ever detect a “rotten egg” smell in or near your home, place of business, or even outside, please follow the recommended safety precautions.

FAQs – Safety/Operations

WHAT SHOULD I DO IF I SMELL NATURAL GAS?

If you smell natural gas (“rotten egg” smell), please take the following precautions:

- **DO** leave your home or building immediately.
- **DO** immediately call your local emergency number (800.427.0015 or 911) from a cell phone outside the home or building, or from a neighboring location, to immediately report the suspected gas leak.
- **DO NOT** use your telephone, turn on or off light switches, light a match, or do anything that might create a spark or flame.
- **DO NOT** re-enter the building where the leak is suspected until emergency professionals give the O.K.

FAQs – Safety/Operations

WHAT ARE SIGNS OF A GAS LEAK OUTSIDE?

Possible signs of a leak around the pipeline area are spots of dead or discolored vegetation amid healthy plants, bubbles coming from bodies or pools of water, or dirt blowing into the air.

FAQs – Safety/Operations

Please see Steve Farkas and Josh Denham and their teams if you have other questions.

FAQs – Billing (Customer Care)

DO YOU HAVE A BUDGET PLAN OR DIRECT DEBIT?

Sandpiper Energy offers a Budget Plan to all Residential and General Service customers in good standing to spread out your winter heating bills. We also offer a Direct Debit Payment Plan to have your payment automatically deducted from your checking or savings account. For additional information, please call Sandpiper's Customer Care Representatives at 800.427.0015 or speak to our Customer Care Representatives present tonight*

FAQs – Billing (Customer Care)

MY RATE CLASS RECENTLY CHANGED; WHY?

Effective January 1, 2016, Sandpiper Energy adjusted its Residential Delivery Service Rate for natural gas service and propane service. Rather than charge the same rate to all residential customers, Sandpiper Energy has now created three separate categories (RS-1, RS-2 and RS-3), charging different rates for each category. The categories are based on the customer's historic annual usage. Note that the only rate change implemented here is the creation of these three separate categories of Delivery Service Rates. All other rates on your bill will remain the same.

Sandpiper is not making any extra money due to this, the new rates are set to have an overall neutral effect.

FAQs – Billing (Customer Care)

WILL THE CONVERSION TO NATURAL GAS HAVE AN IMMEDIATE IMPACT ON MY BILL?

You will not see an immediate change in your bill following the conversion because Sandpiper's rates are calculated so that the rate for natural gas service is equivalent to the rate for propane service. By charging the same effective rate to natural gas and propane customers, Sandpiper is able to spread the cost of conversion to natural gas over its entire customer base and, in addition, spread the savings of lower-cost natural gas across all customers.

FAQs – Billing (Customer Care)

I KNOW SOMEONE HAVING DIFFICULTIES PAYING THEIR BILL. DOES THE COMPANY OFFER ASSISTANCE?

Our SHARING program helps our customers who may need financial assistance with their heating bills. If you are elderly, disabled, live on a fixed income, or have a severe illness, SHARING may be able to provide a grant toward your heating bill each calendar year. To learn more, visit **[chesapeakesharing.com](https://www.chesapeakesharing.com)**.

Also, as residents of Maryland, you may qualify for other assistance with your winter heating bills. For more information on the Maryland Energy Assistance Programs (MEAP), please contact your local Energy Assistance Office or contact our Customer Care team for more info at 800.427.0015.

FAQs – Billing (Customer Care)

Please see Shirley Cope and Matt Everngam if you have other questions.

FAQs – Conversion

WHAT DO I NEED TO DO?

The most important responsibilities of the customer during the conversion process are communication and availability. Monitor the OPA website to see what Area Sandpiper plans to work in next, then watch for the postcard.

Please allow our Conversion Coordinators to complete their assessment of your home or business as soon as possible. It is vital to the process that the customer communicates any concerns or issues with our Conversion Coordinators. The Conversion Coordinators will work with you to schedule both the assessment and the conversion of your appliances.

FAQs – Conversion

I MAY WANT TO CHANGE OUT OR UPGRADE MY WATER HEATER OR OTHER APPLIANCE. WILL YOUR CONVERSION COORDINATORS HELP?

While our primary goal during this process is to convert your existing appliances, we will be more than willing to discuss upgrading any appliances with you. Please contact your Conversion Coordinator to discuss any potential appliance upgrades.

FAQs – Conversion

WHO PAYS FOR THE CONVERSION OF APPLIANCES AND PIPING INSIDE MY HOME OR BUSINESS?

Sandpiper Energy will pay for the contractor and materials that are needed to convert or replace your standard appliances. Those costs are then collected through rates from all customers. The rate component that recovers conversion costs is the System Improvement Rate (SIR), which is adjusted annually to reflect the actual costs that Sandpiper incurs.

FAQs – Conversion

WHAT IF THERE ARE DELAYS DURING THE CONVERSION PROCESS?

During the initial survey process, Sandpiper Energy will make every attempt to check everything on all of your appliances and gas piping. If an issue arises during the conversion, we will make every effort to rectify the problem as soon as possible. We have a proven track record in providing customers with smart and safe energy solutions.

FAQs – Conversion

Please see Steve Tull and his team of Jason Newcomb, Robbie West, Jon Chullin, and Jacques Remmell if you have other questions.

FAQs – Sales

I REPRESENT AN ORGANIZATION AND WE ARE LOOKING FOR SPEAKERS OR SPONSORS. WHO CAN I TALK TO?

Sandpiper Energy is an aspiring and caring company. Communities are more than places to do business. Communities are where we live, volunteer our time and support charities. For us, being a caring neighbor is part of our responsibility as your energy provider. Please contact our Sandpiper Energy sales team at 443.880.5219 for more information on how we can serve your community or organization.

FAQs – Sales

I AM NOT A CUSTOMER. WHAT DO I NEED TO DO TO BECOME A CUSTOMER?

To initiate a new service, please contact the Sandpiper Energy Customer Care team at 800.427.0015, or talk to one of our Sales Representatives present tonight.

FAQs – Sales

- **Please see Steve Ashcraft, Mike Clevens and his team if you have other questions.**

THANK YOU!

PLEASE FILL OUT THE COMMENT SHEETS BEFORE YOU LEAVE
IF YOU HAVE ANY ADDITIONAL QUESTIONS OR COMMENTS.

CONVERSION PHONE NUMBER	855.290.9628
BILLING/SALES	800.427.0015
SALES	443.880.5219
EMERGENCY	800.427.0015

www.sandpiper-energy.com

