UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-11590

CHESAPEAKE UTILITIES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**51-0064146**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

500 Energy Lane, Dover, Delaware 19901
(Address of principal executive offices, including Zip Code)

(302) 734-6799
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - par value per share $0.4867	CPK	New York Stock Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Common Stock, par value $0.4867 — 22,270,177 shares outstanding as of May 6, 2024.

Table of Contents

GLOSSARY OF DEFINITIONS

ASC: Accounting Standards Codification issued by the FASB

Adjusted Gross Margin: A non-GAAP measure calculated by deducting the purchased cost of natural gas, propane and electricity and the cost of labor spent on direct revenue-producing activities from operating revenues. The costs included in Adjusted Gross Margin exclude depreciation and amortization and certain costs presented in operations and maintenance expenses in accordance with regulatory requirements

Aspire Energy: Aspire Energy of Ohio, LLC, a wholly-owned subsidiary of Chesapeake Utilities

Aspire Energy Express: Aspire Energy Express, LLC, a wholly-owned subsidiary of Chesapeake Utilities

ASU: Accounting Standards Update issued by the FASB

ATM: At-the-market

CDD: Cooling Degree-Day

Chesapeake or Chesapeake Utilities: Chesapeake Utilities Corporation, its divisions and subsidiaries, as appropriate in the context of the disclosure

CHP: Combined Heat and Power Plant

Company: Chesapeake Utilities Corporation, and its divisions and subsidiaries, as appropriate in the context of the disclosure

CNG: Compressed natural gas

Degree-day: Measure of the variation in the weather based on the extent to which the average daily temperature (from 10:00 am to 10:00 am) falls above (CDD) or below (HDD) 65 degrees Fahrenheit

Delmarva Peninsula: A peninsula on the east coast of the U.S. comprised of Delaware and portions of Maryland and Virginia

Diversified Energy: An entity from whom we acquired certain propane operating assets in North Carolina, South Carolina, Virginia, and Pennsylvania

DRIP: Dividend Reinvestment and Direct Stock Purchase Plan

Dt(s): Dekatherm(s), which is a natural gas unit of measurement that includes a standard measure for heating value

Dts/d: Dekatherms per day

Eastern Shore: Eastern Shore Natural Gas Company, a wholly-owned subsidiary of Chesapeake Utilities

Eight Flags: Eight Flags Energy, LLC, a wholly-owned subsidiary of Chesapeake Utilities

Elkton Gas: Elkton Gas Company, a wholly-owned subsidiary of Chesapeake Utilities

FASB: Financial Accounting Standards Board

FCG or Florida City Gas: Pivotal Utility Holdings, Inc, doing business as Florida City Gas, a wholly-owned subsidiary of Chesapeake Utilities that was acquired from Florida Power & Light Company on November 30, 2023

FERC: Federal Energy Regulatory Commission

FGT: Florida Gas Transmission Company

Florida Natural Gas: Refers to the Company's legacy Florida natural gas distribution operations (excluding FCG) that were consolidated under FPU, for both rate-making and operations purposes

Florida OPC: The Office of Public Counsel, an agency established by the Florida legislature who advocates on behalf of Florida's utility consumers prior to actions or rule changes

FPU: Florida Public Utilities Company, a wholly-owned subsidiary of Chesapeake Utilities

GAAP: Generally Accepted Accounting Principles

Gross Margin: a term under U.S. GAAP which is the excess of sales over costs of goods sold

GUARD: Gas Utility Access and Replacement Directive a program to enhance the safety, reliability and accessibility of portions of the Company's natural gas distribution system in Florida

Gulfstream: Gulfstream Natural Gas System, LLC, an unaffiliated pipeline network that supplies natural gas to FPU

HDD: Heating Degree-Day

LNG: Liquefied Natural Gas

Marlin Gas Services: Marlin Gas Services, LLC, a wholly-owned subsidiary of Chesapeake Utilities

MetLife: MetLife Investment Advisors, an institutional debt investment management firm, with which we have previously issued Senior Notes and which is a party to the current MetLife Shelf Agreement, as amended

MGP: Manufactured gas plant, which is a site where coal was previously used to manufacture gaseous fuel for industrial, commercial and residential use

Peninsula Pipeline: Peninsula Pipeline Company, Inc., a wholly-owned subsidiary of Chesapeake Utilities

Prudential: Prudential Investment Management Inc., an institutional investment management firm, with which we have previously issued Senior Notes and which is a party to the current Prudential Shelf Agreement, as amended

PSC: Public Service Commission, which is the state agency that regulates utility rates and/or services in certain of our jurisdictions

Revolver: Our $375.0 million unsecured revolving credit facility with certain lenders

RNG: Renewable natural gas

RSAM: Reserve surplus amortization mechanism which has been approved by the Florida PSC and is applicable to FCG

Sandpiper Energy: Sandpiper Energy, Inc., a wholly-owned subsidiary of Chesapeake Utilities

SAFE: Safety, Access, and Facility Enhancement, a program to enhance the safety, reliability and accessibility of portions of the FCG's natural gas distribution system

SEC: Securities and Exchange Commission

Senior Notes: Our unsecured long-term debt issued primarily to insurance companies on various dates

Sharp: Sharp Energy, Inc., a wholly-owned subsidiary of Chesapeake Utilities

Shelf Agreement: An agreement entered into by Chesapeake Utilities and a counterparty pursuant to which Chesapeake Utilities may request that the counterparty purchase our unsecured senior debt with a fixed interest rate and a maturity date not to exceed 20 years from the date of issuance

Shelf Notes: Unsecured senior promissory notes issuable under the Shelf Agreement executed with various counterparties

SICP: Stock and Incentive Compensation Plan, which as used herein covers stock-based compensation awards issued under the current 2024 plan and the previous 2013 plan

SOFR: Secured Overnight Financing Rate, a secured interbank overnight interest rate established as an alternative to LIBOR

TCJA: Tax Cuts and Jobs Act enacted on December 22, 2017

TETLP: Texas Eastern Transmission, LP, an interstate pipeline interconnected with Eastern Shore's pipeline

Uncollateralized Senior Notes: Our unsecured long-term debt issued primarily to insurance companies on various dates

U.S.: The United States of America

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Chesapeake Utilities Corporation and Subsidiaries

Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended March 31,	
(in thousands, except per share data)	**2024**	**2023**
Operating Revenues		
Regulated Energy	**$ 168,426**	$ 142,270
Unregulated Energy	**83,103**	83,166
Other businesses and eliminations	**(5,785)**	(7,307)
Total Operating Revenues	**245,744**	218,129
Operating Expenses		
Natural gas and electric costs	**49,918**	55,288
Propane and natural gas costs	**31,299**	33,301
Operations	**51,560**	44,767
FCG transaction and transition-related expenses	**921**	—
Maintenance	**5,903**	5,104
Depreciation and amortization	**17,016**	17,183
Other taxes	**9,542**	7,571
Total Operating Expenses	**166,159**	163,214
Operating Income	**79,585**	54,915
Other income, net	**195**	276
Interest charges	**17,026**	7,232
Income Before Income Taxes	**62,754**	47,959
Income taxes	**16,586**	11,615
Net Income	**$ 46,168**	$ 36,344
Weighted Average Common Shares Outstanding:		
Basic	**22,250**	17,760
Diluted	**22,306**	17,832
Earnings Per Share of Common Stock:		
Basic	**$ 2.07**	$ 2.05
Diluted	**$ 2.07**	$ 2.04

The accompanying notes are an integral part of these condensed consolidated financial statements.

Chesapeake Utilities Corporation and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended March 31,	
	2024	2023
(in thousands)		
Net Income	**$ 46,168**	$ 36,344
Other Comprehensive Income (Loss), net of tax:		
Employee Benefits, net of tax:		
Reclassifications of amortization of prior service credit and actuarial loss, net of tax of $ 4 and $3, respectively	**13**	10
Cash Flow Hedges, net of tax:		
Net gain on commodity contract cash flow hedges, net of tax of $ 534 and $7, respectively	**1,441**	22
Reclassifications of net gain on commodity contract cash flow hedges, net of tax $(293) and $(166), respectively	**(791)**	(440)
Net gain (loss) on interest rate swap cash flow hedges, net of tax of $ 143 and $(52), respectively	**417**	(148)
Reclassifications of net (gain) on interest rate swap cash flow hedges, net of tax of $(44) and $(17), respectively	**(128)**	(48)
Total Other Comprehensive Income (Loss), net of tax	**952**	(604)
Comprehensive Income	**$ 47,120**	$ 35,740

The accompanying notes are an integral part of these condensed consolidated financial statements.

Chesapeake Utilities Corporation and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

Assets	**March 31, 2024**	**December 31, 2023**
(in thousands, except per share data)		
Property, Plant and Equipment		
Regulated Energy	**$ 2,470,135**	$ 2,418,494
Unregulated Energy	**416,833**	410,807
Other businesses and eliminations	**31,606**	30,310
Total property, plant and equipment	**2,918,574**	2,859,611
Less: Accumulated depreciation and amortization	**(530,832)**	(516,429)
Plus: Construction work in progress	**123,338**	113,192
Net property, plant and equipment	**2,511,080**	2,456,374
Current Assets		
Cash and cash equivalents	**1,695**	4,904
Trade and other receivables	**70,750**	74,485
Less: Allowance for credit losses	**(2,450)**	(2,699)
Trade and other receivables, net	**68,300**	71,786
Accrued revenue	**28,308**	32,597
Propane inventory, at average cost	**8,367**	9,313
Other inventory, at average cost	**19,638**	19,912
Regulatory assets	**24,289**	19,506
Storage gas prepayments	**1,147**	4,695
Income taxes receivable	**—**	3,829
Prepaid expenses	**13,681**	15,407
Derivative assets, at fair value	**1,012**	1,027
Other current assets	**3,228**	2,723
Total current assets	**169,665**	185,699
Deferred Charges and Other Assets		
Goodwill	**507,573**	508,174
Other intangible assets, net	**16,414**	16,865
Investments, at fair value	**13,221**	12,282
Derivative assets, at fair value	**126**	40
Operating lease right-of-use assets	**11,719**	12,426
Regulatory assets	**86,039**	96,396
Receivables and other deferred charges	**16,047**	16,448
Total deferred charges and other assets	**651,139**	662,631
Total Assets	**$ 3,331,884**	$ 3,304,704

The accompanying notes are an integral part of these condensed consolidated financial statements.

Chesapeake Utilities Corporation and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

Capitalization and Liabilities	March 31, 2024	December 31, 2023
(in thousands, except per share data)		
Capitalization		
Stockholders' equity		
Preferred stock, par value $0.01 per share (authorized 2,000 shares), no shares issued and outstanding	**$ —**	$ —
Common stock, par value $0.4867 per share (authorized 50,000 shares)	**10,838**	10,823
Additional paid-in capital	**750,162**	749,356
Retained earnings	**521,689**	488,663
Accumulated other comprehensive income (loss)	**(1,786)**	(2,738)
Deferred compensation obligation	**9,562**	9,050
Treasury stock	**(9,562)**	(9,050)
Total stockholders' equity	**1,280,903**	1,246,104
Long-term debt, net of current maturities	**1,185,166**	1,187,075
Total capitalization	**2,466,069**	2,433,179
Current Liabilities		
Current portion of long-term debt	**18,511**	18,505
Short-term borrowing	**170,355**	179,853
Accounts payable	**63,058**	77,481
Customer deposits and refunds	**43,682**	46,427
Accrued interest	**17,148**	7,020
Dividends payable	**13,138**	13,119
Accrued compensation	**7,066**	16,544
Regulatory liabilities	**21,328**	13,719
Income taxes payable	**818**	—
Derivative liabilities, at fair value	**31**	354
Other accrued liabilities	**16,520**	13,362
Total current liabilities	**371,655**	386,384
Deferred Credits and Other Liabilities		
Deferred income taxes	**271,335**	259,082
Regulatory liabilities	**193,030**	195,279
Environmental liabilities	**2,546**	2,607
Other pension and benefit costs	**16,010**	15,330
Derivative liabilities, at fair value	**43**	927
Operating lease - liabilities	**9,832**	10,550
Deferred investment tax credits and other liabilities	**1,364**	1,366
Total deferred credits and other liabilities	**494,160**	485,141
Environmental and other commitments and contingencies (Notes 6 and 7)		
Total Capitalization and Liabilities	**$ 3,331,884**	$ 3,304,704

The accompanying notes are an integral part of these condensed consolidated financial statements.

Chesapeake Utilities Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
(in thousands)		
Operating Activities		
Net income	**$ 46,168**	$ 36,344
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**16,909**	17,183
Depreciation and accretion included in other costs	**4,016**	2,834
Deferred income taxes	**11,905**	2,453
Realized (loss) on commodity contracts and sale of assets	**(1,811)**	(284)
Unrealized (gain) loss on investments/commodity contracts	**(830)**	(551)
Employee benefits and compensation	**(24)**	119
Share-based compensation	**2,113**	2,408
Changes in assets and liabilities:		
Accounts receivable and accrued revenue	**7,806**	5,641
Propane inventory, storage gas and other inventory	**4,769**	5,373
Regulatory assets/liabilities, net	**10,059**	24,607
Prepaid expenses and other current assets	**2,572**	3,985
Accounts payable and other accrued liabilities	**(10,114)**	(21,166)
Income taxes receivable/payable	**4,647**	10,095
Customer deposits and refunds	**(2,745)**	(476)
Accrued compensation	**(9,480)**	(8,436)
Accrued interest	**10,127**	1,500
Other assets and liabilities, net	**1,195**	38
Net cash provided by operating activities	**97,282**	81,667
Investing Activities		
Property, plant and equipment expenditures	**(75,512)**	(42,418)
Proceeds from sale of assets	**250**	506
Acquisitions, net of cash acquired	**612**	—
Environmental expenditures	**(61)**	(742)
Net cash used in investing activities	**(74,711)**	(42,654)
Financing Activities		
Common stock dividends	**(12,884)**	(9,492)
Issuance of stock under the Dividend Reinvestment Plan, net of offering fees	**41**	—
Tax withholding payments related to net settled stock compensation	**(1,466)**	(2,455)
Change in cash overdrafts due to outstanding checks	**715**	(323)
Net repayments under line of credit agreements	**(10,213)**	(107,755)
Proceeds from long-term debt, net of offering fees	**—**	79,840
Repayment of long-term debt	**(1,973)**	(1,967)
Net cash used in financing activities	**(25,780)**	(42,152)
Net Decrease in Cash and Cash Equivalents	**(3,209)**	(3,139)
Cash and Cash Equivalents—Beginning of Period	**4,904**	6,204
Cash and Cash Equivalents—End of Period	**$ 1,695**	$ 3,065

The accompanying notes are an integral part of these condensed consolidated financial statements.

Chesapeake Utilities Corporation and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

	Common Stock [1]							
(in thousands, except per share data)	Number of Shares[2]	Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Deferred Compensation	Treasury Stock	Total
Balance at December 31, 2022	**17,741**	**$ 8,635**	**$ 380,036**	**$ 445,509**	**$ (1,379)**	**$ 7,060**	**$ (7,060)**	**$ 832,801**
Net income	—	—	—	36,344	—	—	—	36,344
Other comprehensive loss	—	—	—	—	(604)	—	—	(604)
Dividends declared ($0.535 per share)	—	—	—	(9,644)	—	—	—	(9,644)
Issuance under various plans [3]	—	—	(11)	—	—	—	—	(11)
Share-based compensation and tax benefit [4] [5]	48	24	(322)	—	—	—	—	(298)
Treasury stock activities [2]	—	—	—	—	—	1,756	(1,756)	—
Balance at March 31, 2023	**17,789**	**$ 8,659**	**$ 379,703**	**$ 472,209**	**$ (1,983)**	**$ 8,816**	**$ (8,816)**	**$ 858,588**
Balance at December 31, 2023 [6]	**22,235**	**$ 10,823**	**$ 749,356**	**$ 488,663**	**$ (2,738)**	**$ 9,050**	**$ (9,050)**	**$ 1,246,104**
Net income	—	—	—	46,168	—	—	—	**46,168**
Other comprehensive income	—	—	—	—	952	—	—	**952**
Dividends declared ($0.590 per share)	—	—	—	(13,142)	—	—	—	**(13,142)**
Issuance under various plans [3]	3	1	272	—	—	—	—	**273**
Share-based compensation and tax benefit [4] [5]	29	14	534	—	—	—	—	**548**
Treasury stock activities [2]	—	—	—	—	—	512	(512)	**—**
Balance at March 31, 2024	**22,267**	**$ 10,838**	**$ 750,162**	**$ 521,689**	**$ (1,786)**	**$ 9,562**	**$ (9,562)**	**$ 1,280,903**

(1) 2.0 million shares of preferred stock at $0.01 par value have been authorized. No shares have been issued or are outstanding; accordingly, no information has been included in the Condensed Consolidated Statements of Stockholders' Equity.

(2) Includes 111 thousand, 108 thousand, 110 thousand, and 108 thousand shares at March 31, 2024, December 31, 2023, March 31, 2023 and December 31, 2022, respectively, held in a Rabbi Trust related to our Non-Qualified Deferred Compensation Plan.

(3) Includes shares issued under the Retirement Savings Plan and DRIP and/or ATM as applicable.

(4) Includes amounts for shares issued for directors' compensation.

(5) The shares issued under the SICP are net of shares withheld for employee taxes. For the three months ended March 31, 2024 and 2023, we withheld14 thousand and 20 thousand shares, respectively, for employee taxes.

(6) Includes 4.4 million shares issued during 2023 related to the acquisition of FCG. See Notes 3 and 9 for details associated with the FCG acquisition and related financing.

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Summary of Accounting Policies

Basis of Presentation

References in this document to the “Company,” “Chesapeake Utilities,” “we,” “us” and “our” are intended to mean Chesapeake Utilities Corporation, its divisions and/or its subsidiaries, as appropriate in the context of the disclosure.

The accompanying unaudited condensed consolidated financial statements have been prepared in compliance with the rules and regulations of the SEC and GAAP. In accordance with these rules and regulations, certain information and disclosures normally required for audited financial statements have been condensed or omitted. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto, included in our latest Annual Report on Form 10-K for the year ended December 31, 2023. In the opinion of management, these financial statements reflect all adjustments that are necessary for a fair presentation of our results of operations, financial position and cash flows for the interim periods presented.

Where necessary to improve comparability, prior period amounts have been changed to conform to current period presentation.

Due to the seasonality of our business, results for interim periods are not necessarily indicative of results for the entire fiscal year. Revenue and earnings are typically greater during the first and fourth quarters, when consumption of energy is highest due to colder temperatures.

Recent Accounting Standards Yet to be Adopted

FASB

Segment Reporting (ASC 280) - In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segments Disclosures*, which modifies required disclosures about a public entity’s reportable segments and addresses requests from investors for more detailed information about a reportable segment’s expenses and a more comprehensive reconciliation of each segment's reported profit or loss. ASU 2023-07 will be effective for our annual financial statements beginning January 1, 2024 and our interim financial statements beginning January 1, 2025. ASU 2023-07 only impacts disclosures, and as a result, will not have a material impact on our financial position or results of operations.

Income Taxes (ASC 740) - In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures,* which modifies required income tax disclosures primarily related to an entity's rate reconciliation and information pertaining to income taxes paid. These enhancements have been made to address requests from investors related to transparency and usefulness of income tax disclosures. ASU 2023-09 will be effective for our annual financial statements beginning January 1, 2024. ASU 2023-09 only impacts disclosures, and as a result, will not have a material impact on our financial position or results of operations.

SEC

Climate-Related Disclosures - In March 2024, the SEC issued a final rule that requires a public entity to provide disclosures surrounding material Scope 1 and Scope 2 emissions, climate-related risks and the material impact of those risks and material climate targets and goals. In April 2024, the SEC issued a stay on the final rule as a result of various petitions being filed and that sought review of the final ruling in multiple courts of appeals. At this time, it is uncertain when the review will be completed, the final outcome of the review, and the ultimate disclosure requirements.

2. Calculation of Earnings Per Share

	Three Months Ended March 31,	
	2024	**2023**
(in thousands, except per share data)		
Calculation of Basic Earnings Per Share:		
Net Income	**$ 46,168**	$ 36,344
Weighted average shares outstanding [1]	**22,250**	17,760
Basic Earnings Per Share	**$ 2.07**	$ 2.05
Calculation of Diluted Earnings Per Share:		
Net Income	**$ 46,168**	$ 36,344
Reconciliation of Denominator:		
Weighted shares outstanding—Basic [1]	**22,250**	17,760
Effect of dilutive securities—Share-based compensation	**56**	72
Adjusted denominator—Diluted	**22,306**	17,832
Diluted Earnings Per Share	**$ 2.07**	$ 2.04

[1] Weighted average shares for the quarter ended March 31, 2024 reflect the impact of 4.4 million common shares issued in November 2023 in connection with the acquisition of FCG. See Notes 3 and 9 for additional details on the acquisition and related equity offering.

3. Acquisitions

Acquisition of Florida City Gas

On November 30, 2023, we completed the acquisition of FCG for $ 922.8 million in cash, which included working capital adjustments as defined in the agreement that were settled during the first quarter of 2024, pursuant to the stock purchase agreement with Florida Power & Light Company. Upon completion of the acquisition, FCG became a wholly-owned subsidiary of the Company and is included within our Regulated Energy segment.

FCG serves approximately 120,000 residential and commercial natural gas customers across eight counties in Florida, including Miami-Dade, Broward, Brevard, Palm Beach, Hendry, Martin, St. Lucie and Indian River. Its natural gas system includes approximately 3,800 miles of distribution main and 80 miles of transmission pipe.

The purchase price of the acquisition was funded with $366.4 million of net proceeds from the issuance of 4.4 million shares of our common stock, the issuance of approximately $550.0 million principal amount of uncollateralized senior notes, and borrowings under the Company's Revolver. See Note 14, *Long-Term Debt*, and Note 9, *Stockholders' Equity,* for additional details on these financing activities .
We accounted for the acquisition of FCG using the acquisition method. As FCG is a regulated utility, the measurement of the fair value of most of the assets acquired and liabilities assumed were determined using the predecessor's carrying value. In certain other instances where assets and liabilities are not subject to regulation, we determined the fair value in accordance with the principles of ASC Topic 820, *Fair Value Measurements.*

The excess of the purchase price for FCG over the fair value of the assets acquired and liabilities assumed has been reflected as goodwill within the Regulated Energy segment. Goodwill resulting from the acquisition is largely attributable to expansion opportunities provided within our existing regulated operations in Florida, including planned customer growth and growth in rate base through continued investment in our utility infrastructure, as well as natural gas transmission infrastructure supporting the distribution operations. The goodwill recognized in connection with the acquisition of FCG will be deductible for income tax purposes.

The components of the preliminary purchase price allocation are as follows:

(in thousands)

Assets acquired:	**Acquisition Date Fair Value**
Cash	$ 2,270
Accounts receivable, net	14,456
Regulatory assets - current	2,983
Other current assets	2,082
Property, plant and equipment	454,410
Goodwill	460,592
Regulatory assets - non-current	3,381
Other deferred charges and other assets	18,309
Total assets acquired	958,483
Liabilities assumed:	
Current liabilities	(20,978)
Regulatory liabilities	(14,137)
Other deferred credits and other liabilities	(548)
Total liabilities assumed	(35,663)
Net purchase price	$ 922,820

Direct transaction costs of $10.4 million associated with the FCG acquisition were reflected in “FCG transaction-related expenses” on our consolidated statement of income for the year ended December 31, 2023. In addition, interest charges included $4.1 million related to fees and expenses associated with the Bridge Facility, which was terminated without any funds drawn, for the year ended December 31, 2023. Other transaction costs of $15.9 million, related primarily to the debt and equity financings executed in connection with the acquisition, were deferred on the consolidated balance sheet or recorded in equity as an offset to proceeds received, as appropriate, as of December 31, 2023.
For the three months ended March 31, 2024, the Company’s consolidated results include $ 35.9 million of operating revenue and net income of $4.2 million attributable to FCG which includes $0.9 million of transaction and transition-related expenses.

Acquisition of J.T. Lee and Son's

In December 2023, Sharp acquired the propane operating assets of J.T. Lee and Son's in Cape Fear, North Carolina for $ 3.9 million. In connection with this acquisition, we recorded a $0.3 million liability which is subject to the seller's adherence to various provisions contained in the purchase agreement through the first anniversary of the transaction closing. Through this acquisition, we expanded our operating footprint in North Carolina, where customers are served by Diversified Energy. Sharp added approximately 3,000 customers and distribution of approximately 800,000 gallons of propane annually. The transaction also includes a bulk plant with 60,000 gallons of propane storage, enabling the Company to realize efficiencies with additional storage capacity and overlapping delivery territories.

In connection with this acquisition, we recorded $2.7 million in property plant and equipment, $0.9 million in goodwill, $0.2 million in working capital, and less than $0.1 million in intangible assets associated primarily with non-compete agreements, all of which are deductible for income tax purposes. The amounts recorded in conjunction with the acquisition are preliminary, and subject to adjustment based on contractual provisions and finalization prior to the first anniversary of the transaction closing. The financial results associated with this acquisition are included within our propane distribution operations within our Unregulated Energy segment. The operating revenues and net income of this acquisition were not material to our consolidated results for the three months ended March 31, 2024.

Table of Contents

4. Revenue Recognition

We recognize revenue when our performance obligations under contracts with customers have been satisfied, which generally occurs when our businesses have delivered or transported natural gas, electricity or propane to customers. We exclude sales taxes and other similar taxes from the transaction price. Typically, our customers pay for the goods and/or services we provide in the month following the satisfaction of our performance obligation. The following tables display our revenue by major source based on product and service type for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024				Three Months Ended March 31, 2023			
(in thousands)	Regulated Energy	Unregulated Energy	Other and Eliminations	Total	Regulated Energy	Unregulated Energy	Other and Eliminations	Total
Energy distribution								
Delaware natural gas division	**$ 31,917**	**$ —**	**$ —**	**$ 31,917**	$ 36,907	$ —	$ —	$ 36,907
Florida natural gas distribution	**47,956**	**—**	**—**	**47,956**	46,358	—	—	46,358
Florida City Gas	**35,877**	**—**	**—**	**35,877**	—	—	—	—
FPU electric distribution	**19,964**	**—**	**—**	**19,964**	22,737	—	—	22,737
Maryland natural gas division	**9,855**	**—**	**—**	**9,855**	12,263	—	—	12,263
Sandpiper natural gas/propane operations	**7,057**	**—**	**—**	**7,057**	7,082	—	—	7,082
Elkton Gas	**2,859**	**—**	**—**	**2,859**	4,141	—	—	4,141
Total energy distribution	**155,485**	**—**	**—**	**155,485**	129,488	—	—	129,488
Energy transmission								
Aspire Energy	**—**	**13,608**	**—**	**13,608**	—	13,954	—	13,954
Aspire Energy Express	**369**	**—**	**—**	**369**	364	—	—	364
Eastern Shore	**21,266**	**—**	**—**	**21,266**	20,670	—	—	20,670
Peninsula Pipeline	**7,992**	**—**	**—**	**7,992**	6,911	—	—	6,911
Total energy transmission	**29,627**	**13,608**	**—**	**43,235**	27,945	13,954	—	41,899
Energy generation								
Eight Flags	**—**	**4,555**	**—**	**4,555**	—	5,300	—	5,300
Propane operations								
Propane delivery operations	**—**	**61,572**	**—**	**61,572**	—	59,980	—	59,980
Compressed Natural Gas Services								
Marlin Gas Services	**—**	**3,428**	**—**	**3,428**	—	4,001	—	4,001
Other and eliminations								
Eliminations	**(16,686)**	**(60)**	**(5,830)**	**(22,576)**	(15,163)	(69)	(7,352)	(22,584)
Other	**—**		**45**	**45**	—	—	45	45
Total other and eliminations	**(16,686)**	**(60)**	**(5,785)**	**(22,531)**	(15,163)	(69)	(7,307)	(22,539)
Total operating revenues [(1)]	**$ 168,426**	**$ 83,103**	**$ (5,785)**	**$ 245,744**	$ 142,270	$ 83,166	$ (7,307)	$ 218,129

[(1)] Total operating revenues for the three months ended March 31, 2024 and 2023 both include other revenue (revenues from sources other than contracts with customers) of $0.6 million and $0.1 million for our Regulated and Unregulated Energy segments, respectively. The sources of other revenues include revenue from alternative revenue programs related to revenue normalization for the Maryland division and Sandpiper Energy and late fees.

Contract Balances

The timing of revenue recognition, customer billings and cash collections results in trade receivables, unbilled receivables (contract assets), and customer advances (contract liabilities) in our condensed consolidated balance sheets. The balances of our trade receivables, contract assets, and contract liabilities as of March 31, 2024 and December 31, 2023 were as follows:

(in thousands)	Trade Receivables	Contract Assets (Current)	Contract Assets (Non-current)	Contract Liabilities (Current)
Balance at 12/31/2023	$ 67,741	$ 18	$ 3,524	$ 1,022
Balance at 3/31/2024	**61,497**	**18**	**3,370**	**710**
Increase (Decrease)	$ (6,244)	$ —	$ (154)	$ (312)

Our trade receivables are included in trade and other receivables in the condensed consolidated balance sheets. Our current contract assets are included in other current assets in the condensed consolidated balance sheet. Our non-current contract assets are included in other assets in the condensed consolidated balance sheet and primarily relate to operations and maintenance costs incurred by Eight Flags that have not yet been recovered through rates for the sale of electricity to our electric distribution operation pursuant to a long-term service agreement.

At times, we receive advances or deposits from our customers before we satisfy our performance obligation, resulting in contract liabilities. Contract liabilities are included in other accrued liabilities in the condensed consolidated balance sheets and relate to non-refundable prepaid fixed fees for our propane distribution operation's retail offerings. Our performance obligation is satisfied over the term of the respective customer retail program on a ratable basis. For the three months ended March 31, 2024 and 2023, the amounts recognized in revenue were not material.

Remaining Performance Obligations

Certain of our businesses have long-term fixed fee contracts with customers in which revenues are recognized when performance obligations are satisfied over the contract term. Revenue for these businesses for the remaining performance obligations, at March 31, 2024, are expected to be recognized as follows:

(in thousands)	2024	2025	2026	2027	2028	2029	2030 and thereafter
Eastern Shore and Peninsula Pipeline	$ 27,404	$ 30,520	$ 26,668	$ 23,535	$ 22,657	$ 20,733	$ 128,891
Natural gas distribution operations	7,284	9,310	8,596	6,567	5,346	4,802	23,744
FPU electric distribution	562	749	364	364	364	—	—
Total revenue contracts with remaining performance obligations	$ 35,250	$ 40,579	$ 35,628	$ 30,466	$ 28,367	$ 25,535	$ 152,635

5. Rates and Other Regulatory Activities

Our natural gas and electric distribution operations in Delaware, Maryland and Florida are subject to regulation by their respective PSC; Eastern Shore, our natural gas transmission subsidiary, is subject to regulation by the FERC; and Peninsula Pipeline and Aspire Energy Express, our intrastate pipeline subsidiaries, are subject to regulation (excluding cost of service) by the Florida PSC and Public Utilities Commission of Ohio, respectively.

Delaware

In September 2023, the Delaware Division submitted the Energy Efficiency Rider application for natural gas with the Delaware PSC after obtaining an affirmative recommendation from the Delaware Energy Efficiency Advisory Council (“EEAC”). The application was the first in the state and included four programs including, Home Energy Counseling, Home Performance with Energy Star, Assisted Home Performance with Energy Star, and a standard Offer Program in which customers can participate and allow for recovery. The evidentiary hearing on this matter was held in April 2024 with all programs, with the exception of the Offer Program, approved by the PSC and rates became effective May 1, 2024.

Maryland

Maryland Natural Gas Rate Case: In January 2024, our natural gas distribution businesses in Maryland, CUC-Maryland Division, Sandpiper Energy, Inc., and Elkton Gas Company (collectively, “Maryland natural gas distribution businesses”), filed a joint application for a natural gas rate case with the Maryland PSC. In connection with the application, we are seeking approval of the following: (i) permanent rate relief of approximately $6.9 million; (ii) authorization to make certain changes to tariffs to include a unified rate structure and to consolidate the Maryland natural gas distribution businesses which we anticipate will be called Chesapeake Utilities of Maryland, Inc.; and (iii) authorization to establish a rider for recovery of the costs associated with our new technology systems. The outcome of the application is subject to review and approval by the Maryland PSC. Rate changes are suspended until December 2024.

Maryland Natural Gas Depreciation Study: In January 2024, our Maryland natural gas distribution businesses filed a joint petition for approval of their proposed unified depreciation rates with the Maryland PSC. The outcome of the filing is subject to review by the Maryland PSC which is expected to be completed in the third quarter of 2024.

Florida

Wildlight Expansion: In August 2022, Peninsula Pipeline and FPU filed a joint petition with the Florida PSC for approval of its Transportation Service Agreement associated with the Wildlight planned community located in Nassau County, Florida. The project enables us to meet the significant growing demand for service in Yulee, Florida. The agreement will enable us to construct the project during the build-out of the community and charge the reservation rate as each phase of the project goes into service. Construction of the pipeline facilities will occur in two separate phases. Phase one consists of three extensions with associated facilities, and a gas injection interconnect with associated facilities. Phase two will consist of two additional pipeline extensions. The various phases of the project commenced in the first quarter of 2023, with construction on the overall project continuing through 2025. The petition was approved by the Florida PSC in November 2022.

FCG Natural Gas Rate Case: In May 2022, FCG filed a general base rate increase with the Florida PSC based on a projected 2023 test year. In June 2023, the Florida PSC issued an order approving a single total base revenue increase of $23.3 million (which included an incremental increase of $14.1 million, a previously approved increase of $3.8 million for a liquefied natural gas facility, and $ 5.3 million to transfer the SAFE investments from a rider clause to base rates), with new rates becoming effective as of May 1, 2023. The Commission also approved FCG's proposed RSAM with a $25.0 million reserve amount, continuation and expansion of the capital SAFE program, implementation of an automated metering infrastructure pilot, and continuation of the storm damage reserve with a target reserve of $0.8 million. On June 23, 2023, the Florida OPC filed a motion for reconsideration of the PSC’s approval of RSAM, which was denied on September 12, 2023. On July 7, 2023, the Florida OPC filed a notice of appeal with the Florida Supreme Court, which is pending. The Florida OPC filed their initial brief on January 31, 2024.

The RSAM is recorded as either an increase or decrease to accrued removal costs which is reflected on the Company’s balance sheets and a corresponding increase or decrease to depreciation and amortization expense. In order to earn the targeted regulatory return on equity ("ROE") in each reporting period subject to the conditions of the effective rate agreement, RSAM is calculated using a trailing thirteen-month average of rate base and capital structure in conjunction with the trailing twelve-month regulatory base net operating income, which primarily includes the base portion of rates and other revenues, net of operations and maintenance expenses, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by RSAM or its reversal to earn the targeted regulatory ROE. For the three months ended March 31, 2024, the Company recorded decreases to asset removal costs and depreciation expense of $3.4 million as a result of the RSAM adjustment.

Storm Protection Plan: In 2020, the Florida PSC implemented the Storm Protection Plan ("SPP") and Storm Protection Plan Cost Recovery Clause ("SPPCRC") rules, which require electric utilities to petition the Florida PSC for approval of a Transmission and Distribution Storm Protection Plan that covers the utility’s immediate 10-year planning period with updates to the plan at least every 3 years. The SPPCRC rules allow the utility to file for recovery of associated costs for the SPP. Our Florida electric distribution operation’s SPP plan was filed during the first quarter of 2022 and approved in the fourth quarter of 2022 with modifications, by the Florida PSC. Rates associated with this initiative were effective in January 2023. The Commission voted to approve the projections in November 2023. FPU projects to spend $ 13.6 million on the program in 2024.

GUARD Program: In February 2023, FPU filed a petition with the Florida PSC for approval of the GUARD program. GUARD is a ten-year program to enhance the safety, reliability, and accessibility of portions of our natural gas distribution system. We identified various categories of projects to be included in GUARD, which include the relocation of mains and service lines located in rear easements and other difficult to access areas to the front of the street, the replacement of problematic distribution mains, service lines, and maintenance and repair equipment and system reliability projects. In August 2023, the Florida PSC approved the GUARD program, which included $205.0 million of capital expenditures projected to be spent over a 10-year period.

SAFE Program: In June 2023, the Florida PSC issued the approval order for the continuation of the SAFE program beyond its 2025 expiration date and inclusion of 150 miles of additional mains and services located in rear property easements. The SAFE program is designed to relocate certain mains and facilities associated with rear lot easements to street front locations to improve FCG's ability to inspect and maintain the facilities and reduce opportunities for damage and theft. In the same order, the Commission approved a replacement of 160 miles of pipe that was used in the 1970s and 1980s and shown through industry research to exhibit premature failure in the form of cracking. The program includes projected capital expenditures of $205.0 million over a 10-year period.

In April 2024, FCG filed a petition with the Florida PSC to more closely align the SAFE Program with FPU's GUARD program. Specifically, the requested modifications will enable FCG to accelerate remediation related to problematic pipe and facilities consisting of obsolete and exposed pipe. If approved, these efforts will serve to improve the safety and reliability of service to FCG's customers. These modifications, if approved, result in an estimated additional $50.0 million in capital expenditures associated with the SAFE Program which would increase the total projected capital expenditures to $255.0 million over a 10-year period.

Newberry Expansion: In April 2023, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreement with FPU for an additional 8,000 Dts/d of firm service in the Newberry, Florida area. The petition was approved by the Florida PSC in the third quarter of 2023. Peninsula Pipeline will construct a pipeline extension, which will be used by FPU to support the development of a natural gas distribution system to provide gas service to the City of Newberry. A filing to address the acquisition and conversion of existing Company owned propane community gas systems in Newberry was made in November 2023. The Florida PSC approved it in April 2024. The Company anticipates beginning the conversions of the community gas systems in the second quarter of 2024.

East Coast Reinforcement Projects: In December 2023, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreements with FPU for projects that will support additional supply to communities on the East Coast of Florida. The projects are driven by the need for increased supply to coastal portions of the state that are experiencing significant population growth. Peninsula Pipeline will construct several pipeline extensions which will support FPU’s distribution system in the areas of Boynton Beach and New Smyrna Beach with an additional 15,000 Dts/d and 3,400 Dts/d, respectively. The Florida PSC approved the projects in March 2024.

Central Florida Reinforcement Projects: In February 2024, Peninsula Pipeline filed a petition with the Florida PSC for its Transportation Service Agreements with FPU for projects that will support additional supply to communities located in Central Florida. The projects are driven by the need for increased supply to communities in central Florida that are experiencing significant population growth. Peninsula Pipeline will construct several pipeline extensions which will support FPU's distribution system around Plant City and Lake Mattie with an additional 5,000 Dts/d and 8,700 Dts/d, respectively. The Florida PSC approved the projects in May 2024.

Alternative Natural Gas Projects: In February 2024, Peninsula Pipeline filed a petition with the Florida PSC for its approval of its Transportation Service Agreements with FCG for projects that will support the transportation of additional supply into FCG’s distribution system. The projects are driven by continued growth in the regions and will facilitate additional transportation capacity, including the transportation of pipeline quality gas produced from landfills through FCG's system. Peninsula Pipeline will construct several pipeline extensions which will support FCG's distribution system in Brevard County, Indian-River County, and Miami-Dade County.

St. Cloud Project Amendment: In February 2024, Peninsula Pipeline filed a petition with the Florida PSC for its approval of an amendment to its Transportation Service Agreement with FPU for a project that will support additional supply to communities in St. Cloud Florida. The project is driven by the need to expand gas service to future communities that are expected in that area. Peninsula Pipeline will construct pipeline expansions that will allow FPU to serve the expected new growth. The expansion will provide FPU with an additional 10,000 Dts/d. The Florida PSC approved the projects in May 2024.

Pioneer Supply Header Pipeline Project: In March 2024, Peninsula Pipeline filed a petition with the Florida PSC for its approval of Firm Transportation Service Agreements with both FCG and FPU for a project that will support greater supply growth of natural gas service in southeast Florida. The project consists of the transfer of a pipeline asset from FCG to Peninsula Pipeline. Peninsula Pipeline will proceed to provide transportation service to both FCG and FPU using the pipeline asset, which provides opportunities for additional project development.

Eastern Shore

Worcester Resiliency Upgrade: In August 2023, Eastern Shore filed an application with the FERC requesting authorization to construct the Worcester Resiliency Upgrade, which consists of a mixture of storage and transmission facilities in Sussex County, DE and Wicomico, Worcester, and Somerset Counties in Maryland. The project will provide long-term incremental supply necessary to support the growing demand of the participating shippers. Eastern Shore has requested certificate authorization by December 2024, with a target in-service date by the third quarter of 2025. In December 2023, FERC issued its schedule for preparation of the Environmental Assessment. In April 2024, the FERC issued their environmental assessment with no significant impacts noted.

TCJA

In connection with the TCJA, which was signed into law in December 2017, our customer rates for our regulated businesses were adjusted as applicable as approved by the regulators. Regulatory liabilities related to accumulated deferred income taxes (“ADIT”) associated with the TCJA amounted to $85.5 million and $85.8 million at March 31, 2024 and December 31, 2023, respectively. With the exception of the ADIT balance of $34.2 million attributable to Eastern Shore, such amounts are being amortized in accordance with approvals received from the Delaware, Maryland, and Florida PSCs in 2018 and 2019. The ADIT balance attributable to Eastern Shore will be addressed in its next rate case filing.

6. Environmental Commitments and Contingencies

We are subject to federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remediate, at current and former operating sites, the effect on the environment of the disposal or release of specified substances.

MGP Sites

We have participated in the investigation, assessment or remediation of, and have exposures at, seven former MGP sites. We have received approval for recovery of clean-up costs in rates for sites located in Salisbury, Maryland; Seaford, Delaware; and Winter Haven, Key West, Pensacola, Sanford and West Palm Beach, Florida.

As of March 31, 2024 and December 31, 2023, we had approximately $ 3.5 million and $3.6 million, respectively, in environmental liabilities related to the former MGP sites, and related regulatory assets of approximately $0.5 million at the respective balance sheet dates for future recovery of environmental costs from customers.

Environmental liabilities for our MGP sites are recorded on an undiscounted basis based on the estimate of future costs provided by independent consultants. We continue to expect that all costs related to environmental remediation and related activities, including any potential future remediation costs for which we do not currently have approval for regulatory recovery, will be recoverable from customers through rates.

Remediation is ongoing for the MGPs in Winter Haven and Key West in Florida and in Seaford, Delaware. The remaining clean-up costs are estimated to range from $0.3 million to $0.8 million for these three sites. The Environmental Protection Agency has approved a "site-wide ready for anticipated use" status for the Sanford, Florida MGP site, which is the final step before delisting a site. The remaining remediation expenses for the Sanford MGP site are immaterial.

The remedial actions approved by the Florida Department of Environmental Protection have been implemented on the east parcel of our West Palm Beach Florida site. Similar remedial actions have been initiated on the site's west parcel, and construction of active remedial systems are expected to be completed in 2024. Remaining remedial costs for West Palm Beach, including completion of the construction of the system on the West Parcel, are estimated to take between five and fifteen years of operation, maintenance and monitoring, and final site work for closeout of the property is estimated to be between $3.3 million and $5.7 million.

7. Other Commitments and Contingencies

Natural Gas, Electric and Propane Supply

In March 2023, our Delmarva Peninsula natural gas distribution operations entered into asset management agreements with a third party to manage their natural gas transportation and storage capacity. The agreements were effective as of April 1, 2023 and expire in March 2026.

FPU natural gas distribution operations and Eight Flags have separate asset management agreements with Emera Energy Services, Inc. to manage their natural gas transportation capacity. These agreements commenced in November 2020 and expire in October 2030.

Florida Natural Gas has firm transportation service contracts with FGT and Gulfstream. Pursuant to a capacity release program approved by the Florida PSC, all of the capacity under these agreements has been released to various third parties. Under the terms of these capacity release agreements, Chesapeake Utilities is contingently liable to FGT and Gulfstream should any party, that acquired the capacity through release, fail to pay the capacity charge. To date, Chesapeake Utilities has not been required to make a payment resulting from this contingency.

FPU’s electric supply contracts require FPU to maintain an acceptable standard of creditworthiness based on specific financial ratios. FPU’s agreement with Florida Power & Light Company requires FPU to meet or exceed a debt service coverage ratio of 1.25 times based on the results of the prior 12 months. If FPU fails to meet this ratio, it must provide an irrevocable letter of credit or pay all amounts outstanding under the agreement within five business days. FPU’s electric supply agreement with Gulf Power requires FPU to meet the following ratios based on the average of the prior six quarters: (a) funds from operations interest coverage ratio (minimum of two times), and (b) total debt to total capital (maximum of 65 percent). If FPU fails to meet the requirements, it has to provide the supplier a written explanation of actions taken, or proposed to be taken, to become compliant. Failure to comply with the ratios specified in the Gulf Power agreement could also result in FPU having to provide an irrevocable letter of credit. As of March 31, 2024, FPU was in compliance with all of the requirements of its fuel supply contracts.

Eight Flags provides electricity and steam generation services through its CHP plant located on Amelia Island, Florida. In June 2016, Eight Flags began selling power generated from the CHP plant to FPU pursuant to a 20-year power purchase agreement for distribution to our electric customers. In July 2016, Eight Flags also started selling steam, pursuant to a separate 20-year contract, to the landowner on which the CHP plant is located. The CHP plant is powered by natural gas transported by FPU through its distribution system and Peninsula Pipeline through its intrastate pipeline.

Corporate Guarantees

The Board of Directors has authorized us to issue corporate guarantees securing obligations of our subsidiaries and to obtain letters of credit securing our subsidiaries' obligations. The maximum authorized liability under such guarantees and letters of credit as of March 31, 2024 was $35.0 million. The aggregate amount guaranteed related to our subsidiaries at March 31, 2024 was approximately $ 24.4 million with the guarantees expiring on various dates through March 2025. In addition, the Board has authorized us to issue specific purpose corporate guarantees. The amount of specific purpose guarantees outstanding at March 31, 2024 was $4.0 million.

As of March 31, 2024, we have issued letters of credit totaling approximately $ 7.0 million related to the electric transmission services for FPU's electric division, the firm transportation service agreement between TETLP and our Delaware and Maryland divisions, the capacity agreement between NEXUS and Aspire, the storage agreement between Bay Gas Storage Company and FCG as well as our primary insurance carriers. These letters of credit have various expiration dates through February 2025 and to date, none have been used. We do not anticipate that the counterparties will draw upon these letters of credit, and we expect that they will be renewed to the extent necessary in the future.

8. Segment Information

We use the management approach to identify operating segments. We organize our business around differences in regulatory environment and/or products or services, and the operating results of each segment are regularly reviewed by the chief operating decision maker, our President and Chief Executive Officer, in order to make decisions about resources and to assess performance.

Our operations are entirely domestic and are comprised of two reportable segments:

- *Regulated Energy*. Includes energy distribution and transmission services (natural gas distribution, natural gas transmission and electric distribution operations). All operations in this segment are regulated, as to their rates and services, by the PSC having jurisdiction in each operating territory or by the FERC in the case of Eastern Shore.
- *Unregulated Energy.* Includes energy transmission, energy generation (the operations of our Eight Flags' CHP plant), propane distribution operations, mobile compressed natural gas distribution and pipeline solutions operations, and sustainable energy investments including renewable natural gas. Also included in this segment are other unregulated energy services, such as energy-related merchandise sales and heating, ventilation and air conditioning, plumbing and electrical services. These operations are unregulated as to their rates and services.

The remainder of our operations are presented as "Other businesses and eliminations," which consists of unregulated subsidiaries that own real estate leased to Chesapeake Utilities, as well as certain corporate costs not allocated to other operations.

The following table presents financial information about our reportable segments:

	Three Months Ended March 31,	
	2024	**2023**
(in thousands)		
Operating Revenues, Unaffiliated Customers		
Regulated Energy	**$ 167,927**	$ 141,621
Unregulated Energy	**77,817**	76,508
Total operating revenues, unaffiliated customers	**$ 245,744**	$ 218,129
Intersegment Revenues [1]		
Regulated Energy	**$ 499**	$ 649
Unregulated Energy	**5,286**	6,657
Other businesses	**45**	45
Total intersegment revenues	**$ 5,830**	$ 7,351
Operating Income		
Regulated Energy	**$ 58,109**	$ 37,625
Unregulated Energy	**21,429**	17,245
Other businesses and eliminations	**47**	45
Operating income	**79,585**	54,915
Other income, net	**195**	276
Interest charges	**17,026**	7,232
Income Before Income Taxes	**62,754**	47,959
Income taxes	**16,586**	11,615
Net Income	**$ 46,168**	$ 36,344

[1] All significant intersegment revenues are billed at market rates and have been eliminated from consolidated operating revenues.

(in thousands)	**March 31, 2024**	**December 31, 2023**
Identifiable Assets		
Regulated Energy segment	**$ 2,830,632**	$ 2,781,581
Unregulated Energy segment	**459,825**	477,402
Other businesses and eliminations	**41,427**	45,721
Total Identifiable Assets	**$ 3,331,884**	$ 3,304,704

9. Stockholders' Equity

Common Stock Issuances

In November 2023, in connection with our acquisition of FCG, we completed an equity offering resulting in the issuance of approximately 4.4 million shares of our common stock at a price per share of $82.72 (net of underwriter discounts and commissions). We received net proceeds of $366.4 million which were used to partially finance the acquisition.

We maintain an effective shelf registration statement with the SEC for the issuance of shares under our DRIP and other plans. Depending on our capital needs and subject to market conditions, in addition to other possible debt and equity offerings, we may issue additional shares under the direct stock purchase component of the DRIP. For the three months ended March 31, 2024, we received net proceeds of $0.1 million under the DRIP. There were no issuances under DRIP during 2023. Our most recent ATM equity program, which allowed us to issue and sell shares of our common stock up to an aggregate offering price of $75.0 million, expired in June 2023.

Accumulated Other Comprehensive Loss

Defined benefit pension and postretirement plan items, unrealized gains (losses) of our propane swap agreements designated as commodity contract cash flow hedges, and the unrealized gains (losses) of our interest rate swap agreements designated as cash flow hedges are the components of our accumulated other comprehensive loss. The following tables present the changes in the balances of accumulated other comprehensive loss components as of March 31, 2024 and 2023. All amounts in the following tables are presented net of tax.

(in thousands)	Defined Benefit Pension and Postretirement Plan Items	Commodity Contract Cash Flow Hedges	Interest Rate Swap Cash Flow Hedges	Total
As of December 31, 2023	**$ (2,584)**	**$ (274)**	**$ 120**	**$ (2,738)**
Other comprehensive income before reclassifications	**—**	**1,441**	**417**	**1,858**
Amounts reclassified from accumulated other comprehensive income (loss)	**13**	**(791)**	**(128)**	**(906)**
Net current-period other comprehensive income (loss)	**13**	**650**	**289**	**952**
As of March 31, 2024	**$ (2,571)**	**$ 376**	**$ 409**	**$ (1,786)**
As of December 31, 2022	$ (2,506)	$ 1,092	$ 35	$ (1,379)
Other comprehensive income (loss) before reclassifications	—	22	(148)	(126)
Amounts reclassified from accumulated other comprehensive income (loss)	10	(440)	(48)	(478)
Net prior-period other comprehensive income (loss)	10	(418)	(196)	(604)
As of March 31, 2023	$ (2,496)	$ 674	$ (161)	$ (1,983)

Deferred gains or losses for our commodity contract and interest rate swap cash flow hedges are recognized in earnings upon settlement and are included in the effects of gains and losses from derivative instruments. See Note 12, *Derivative Instruments*, for additional details. Amortization of the net loss related to the defined benefit pension plan and postretirement plans is included in the computation of net periodic cost (benefit). See Note 10, *Employee Benefit Plans*, for additional details.

10. Employee Benefit Plans

Net periodic (benefit) cost for the FPU Pension Plan for the three months ended March 31, 2024 and 2023 is set forth in the following table:

	Three Months Ended March 31,	
	2024	**2023**
(in thousands)		
Interest cost	**$ 599**	$ 633
Expected return on plan assets	**(724)**	(668)
Amortization of net loss	**69**	110
Total periodic (benefit) cost	**$ (56)**	$ 75

Amounts reclassified from accumulated other comprehensive income (loss) and regulatory assets were not material during the three months ended March 31, 2024 and 2023.

Net periodic benefit costs for our other pension and postretirement benefit plans were not material for the three months ended March 31, 2024 and 2023.

The components of our net periodic costs have been recorded or reclassified to other expense, net in the condensed consolidated statements of income. Pursuant to their respective regulatory orders, FPU and Chesapeake Utilities continue to record, as a regulatory asset, a portion of their unrecognized postretirement benefit costs related to their regulated operations. The portion of the unrecognized pension and postretirement benefit costs related to FPU's unregulated operations and Chesapeake Utilities' operations is recorded to accumulated other comprehensive income (loss).

During the three months ended March 31, 2024, there were no contributions to the FPU Pension Plan and we do not expect to contribute to the FPU Pension Plan during 2024. The Chesapeake SERP, the Chesapeake Postretirement Plan and the FPU Medical Plan are unfunded and are expected to be paid out of our general funds. Cash benefits paid under these other postretirement benefit plans for the three months ended March 31, 2024 were immaterial. We expect to pay total cash benefits of less than $1.0 million for these other postretirement benefit plans in 2024.

Non-Qualified Deferred Compensation Plan

Members of our Board of Directors and officers of the Company are eligible to participate in the Non-Qualified Deferred Compensation Plan. Directors can elect to defer any portion of their cash or stock compensation and officers can defer up to 80 percent of their base compensation, cash bonuses or any amount of their stock bonuses (net of required withholdings). Officers may receive a matching contribution on their cash compensation deferrals up to 6 percent of their compensation, provided it does not duplicate a match they receive in the Retirement Savings Plan.

All obligations arising under the Non-Qualified Deferred Compensation Plan are payable from our general assets, although we have established a Rabbi Trust to informally fund the plan. Deferrals of cash compensation may be invested by the participants in various mutual funds (the same options that are available in the Retirement Savings Plan). The participants are credited with gains or losses on those investments. Assets held in the Rabbi Trust, recorded as Investments on the condensed consolidated balance sheet, had a fair value of $13.2 million at March 31, 2024 and $12.3 million at December 31, 2023. The assets of the Rabbi Trust are at all times subject to the claims of our general creditors.

11. Share-Based Compensation

Our key employees and non-employee directors have been granted share-based awards through our SICP. We record these share-based awards as compensation costs over the respective service period for which services are received in exchange for an award of equity or equity-based compensation. The compensation cost is based primarily on the fair value of the shares awarded, using the estimated fair value of each share on the date it was granted, and the number of shares to be issued at the end of the service period.

The table below presents the amounts included in net income related to share-based compensation expense for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Awards to key employees	**$ 1,899**	$ 2,156
Awards to non-employee directors	**214**	252
Total compensation expense	**2,113**	2,408
Less: tax benefit	**(540)**	(622)
Share-based compensation amounts included in net income	**$ 1,573**	$ 1,786

Officers and Key Employees

Our Compensation Committee is authorized to grant our key employees the right to receive awards of shares of our common stock, contingent upon the achievement of established performance goals and subject to SEC transfer restrictions once awarded. Our President and CEO has the right to issue awards of shares of our common stock, to other officers and key employees of the Company, contingent upon various performance goals and subject to SEC transfer restrictions.

We currently have several outstanding multi-year performance plans, which are based upon the successful achievement of long-term goals, growth and financial results and comprise both market-based and performance-based conditions and targets. The fair value per share, tied to a performance-based condition or target, is equal to the market price per share on the grant date. For the market-based conditions, we used the Monte Carlo valuation to estimate the fair value of each share granted.

The table below presents the summary of the stock activity for awards to key employees for the three months ended March 31, 2024:

(in thousands, except per share data)	Number of Shares	Weighted Average Fair Value
Outstanding—December 31, 2023	213	$ 117.74
Granted	110	$ 105.02
Vested	(43)	$ 103.95
Expired	(27)	$ 86.24
Forfeited	—	$ —
Outstanding—March 31, 2024	253	$ 117.89

During the three months ended March 31, 2024, we granted awards of 110 thousand shares of common stock to officers and key employees under the SICP, including awards granted in February 2024. The shares granted are multi-year awards that will vest no later than the three-year service period ending December 31, 2026.

In March 2024, upon the election by certain of our executive officers and key employees, we withheld shares with a value at least equivalent to each such executive officer's minimum statutory obligation for applicable income and other employment taxes related to shares that vested and were paid in March 2024 for the performance period ended December 31, 2023. We paid the balance of such awarded shares to each such executive officer and remitted cash equivalent to the withheld shares to the appropriate taxing authorities. We withheld 14 thousand shares, based on the value of the shares on their award date. Total combined payments for the employees' tax obligations to the taxing authorities were approximately $1.5 million.

At March 31, 2024, the aggregate intrinsic value of the SICP awards granted to key employees was approximately $ 27.2 million. At March 31, 2024, there was approximately $14.2 million of unrecognized compensation cost related to these awards, which will be recognized through 2026.

Non-employee Directors

Shares granted to non-employee directors are issued in advance of the directors' service periods and are fully vested as of the grant date. We record a deferred expense equal to the fair value of the shares issued and amortize the expense equally over a service period of one year or less.

Our directors receive an annual retainer of shares of common stock under the SICP for services rendered through the subsequent Annual Meeting of Shareholders. Accordingly, our directors that served on the Board as of May 2023 each received approximately 1 thousand shares of common stock, respectively, with a weighted average fair value of $124.12 per share.

At March 31, 2024, there was less than $0.1 million of unrecognized compensation expense related to shares granted to non-employee directors. This expense will be recognized over the remaining service period ending in May 2024.

12. Derivative Instruments

We use derivative and non-derivative contracts to manage risks related to obtaining adequate supplies and the price fluctuations of natural gas, electricity and propane and to mitigate interest rate risk. Our natural gas, electric and propane distribution operations have entered into agreements with suppliers to purchase natural gas, electricity and propane for resale to our customers. Our natural gas gathering and transmission company has entered into contracts with producers to secure natural gas to meet its obligations. Purchases under these contracts typically either do not meet the definition of derivatives or are considered "normal purchases and normal sales" and are accounted for on an accrual basis. Our propane distribution operations may also enter into fair value hedges of their inventory or cash flow hedges of their future purchase commitments in order to mitigate the impact of wholesale price fluctuations. Occasionally, we may enter into interest rate swap agreements to mitigate risk associated with changes in short-term borrowing rates. As of March 31, 2024, our natural gas and electric distribution operations did not have any outstanding derivative contracts.

Volume of Derivative Activity

As of March 31, 2024, the volume of our commodity derivative contracts were as follows:

Business unit	Commodity	Contract Type	Quantity hedged (in millions)	Designation	Longest Expiration date of hedge
Sharp	Propane (gallons)	Purchases	8.8	Cash flow hedges	June 2026

Sharp entered into futures and swap agreements to mitigate the risk of fluctuations in wholesale propane index prices associated with the propane volumes that are expected to be purchased and/or sold during the heating season. Under the futures and swap agreements, Sharp will receive the difference between (i) the index prices (Mont Belvieu prices in March 2024 through June 2026) and (ii) the per gallon propane swap prices, to the extent the index prices exceed the contracted prices. If the index prices are lower than the contract prices, Sharp will pay the difference. We designated and accounted for the propane swaps as cash flow hedges. The change in the fair value of the swap agreements is recorded as unrealized gain (loss) in other comprehensive income (loss) and later recognized in the statement of income in the same period and in the same line item as the hedged transaction. We expect to reclassify unrealized gains of approximately $0.5 million from accumulated other comprehensive income (loss) related to our commodity cash flow hedges to earnings during the 12-month period ended March 31, 2025.

Interest Rate Swap Activities

We manage interest rate risk by entering into derivative contracts to hedge the variability in cash flows attributable to changes in the short-term borrowing rates. In September 2022, we entered into an interest rate swap with a notional amount of $50.0 million through September 2025, with pricing of 3.98 percent. Our interest rate swap is cash settled monthly as the counter-party pays us the 30-day SOFR rate less the fixed rate.

We designate and account for interest rate swaps as cash flow hedges. Accordingly, unrealized gains and losses associated with the interest rate swap are recorded as a component of accumulated other comprehensive income (loss). When the interest rate swap settles, the realized gain or loss is recorded in the income statement and is recognized as a component of interest charges.

Broker Margin

Futures exchanges have contract specific margin requirements that require the posting of cash or cash equivalents relating to traded contracts. Margin requirements consist of initial margin that is posted upon the initiation of a position, maintenance margin that is usually expressed as a percent of initial margin, and variation margin that fluctuates based on the daily mark-to-market relative to maintenance margin requirements. We currently maintain a broker margin account for Sharp included within other current assets on the consolidated balance sheet with a balance of $2.8 million and $2.1 million as of March 31, 2024 and December 31, 2023, respectively.

Financial Statements Presentation

The following tables present information about the fair value and related gains and losses of our derivative contracts. We did not have any derivative contracts with a credit-risk related contingency. Fair values of the derivative contracts recorded in the condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023, are as follows:

	Derivative Assets		
		Fair Value As Of	
(in thousands)	Balance Sheet Location	March 31, 2024	December 31, 2023
Derivatives designated as cash flow hedges			
Propane swap agreements	Derivative assets, at fair value	**$ 589**	$ 702
Interest rate swap agreements	Derivative assets, at fair value	**549**	365
Total Derivative Assets [1]		**$ 1,138**	$ 1,067

[1] Derivative assets, at fair value, include $1.0 million in current assets in the condensed consolidated balance sheet at both March 31, 2024 and December 31, 2023, with the remainder of the balance classified as long-term.

	Derivative Liabilities		
		Fair Value As Of	
(in thousands)	Balance Sheet Location	March 31, 2024	December 31, 2023
Derivatives designated as cash flow hedges			
Propane swap agreements	Derivative liabilities, at fair value	**$ 74**	$ 1,078
Interest rate swap agreements	Derivative liabilities, at fair value	**—**	203
Total Derivative Liabilities [1]		**$ 74**	$ 1,281

[1] Derivative liabilities, at fair value, were not material at March 31, 2024, and included $0.4 million in current liabilities in the condensed consolidated balance sheet at December 31, 2023, with the remainder of the balance classified as long-term.

The effects of gains and losses from derivative instruments on the condensed consolidated financial statements are as follows:

		Amount of Gain (Loss) on Derivatives	
	Location of Gain	For the Three Months Ended March 31,	
(in thousands)	(Loss) on Derivatives	2024	2023
Derivatives designated as cash flow hedges			
Propane swap agreements	Revenues	**$ (307)**	$ 733
Propane swap agreements	Unregulated propane and natural gas costs	**1,391**	(127)
Interest rate swap agreements	Interest expense	**172**	65
Total		**$ 1,256**	$ 671

13. Fair Value of Financial Instruments

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The three levels of the fair value hierarchy are the following:

Fair Value Hierarchy	Description of Fair Value Level	Fair Value Technique Utilized
Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.	*Investments - equity securities* - The fair values of these trading securities are recorded at fair value based on unadjusted quoted prices in active markets for identical securities. *Investments - mutual funds and other* - The fair values of these investments, comprised of money market and mutual funds, are recorded at fair value based on quoted net asset values of the shares.
Level 2	Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.	*Derivative assets and liabilities* - The fair value of the propane put/call options, propane and interest rate swap agreements are measured using market transactions for similar assets and liabilities in either the listed or over-the-counter markets.
Level 3	Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).	*Investments - guaranteed income fund* - The fair values of these investments are recorded at the contract value, which approximates their fair value.

Financial Assets and Liabilities Measured at Fair Value

The following tables summarize our financial assets and liabilities that are measured at fair value on a recurring basis and the fair value measurements, by level, within the fair value hierarchy as of March 31, 2024 and December 31, 2023:

		Fair Value Measurements Using:		
As of March 31, 2024	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
(in thousands)				
Assets:				
Investments—equity securities	$ 20	$ 20	$ —	$ —
Investments—guaranteed income fund	1,415	—	—	1,415
Investments—mutual funds and other	11,786	11,786	—	—
Total investments	13,221	11,806	—	1,415
Derivative assets	1,138	—	1,138	—
Total assets	$ 14,359	$ 11,806	$ 1,138	$ 1,415
Liabilities:				
Derivative liabilities	$ 74	$ —	$ 74	$ —

As of December 31, 2023	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)				
Assets:				
Investments—equity securities	$ 21	$ 21	$ —	$ —
Investments—guaranteed income fund	1,489	—	—	1,489
Investments—mutual funds and other	10,772	10,772	—	—
Total investments	12,282	10,793	—	1,489
Derivative assets	1,067	—	1,067	—
Total assets	$ 13,349	$ 10,793	$ 1,067	$ 1,489
Liabilities:				
Derivative liabilities	$ 1,281	$ —	$ 1,281	$ —

The changes in the fair value of Level 3 investments for the three months ended March 31, 2024 and 2023 were immaterial. Investment income from the Level 3 investments is reflected in other income, net in the condensed consolidated statements of income.

At March 31, 2024, there were no non-financial assets or liabilities required to be reported at fair value. We review our non-financial assets for impairment at least on an annual basis, as required.

Other Financial Assets and Liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities and short-term debt. The fair value of cash and cash equivalents is measured using the comparable value in the active market and approximates its carrying value (Level 1 measurement). The fair value of short-term debt approximates the carrying value due to its near-term maturities and because interest rates approximate current market rates (Level 2 measurement).

At March 31, 2024, long-term debt, which includes current maturities but excludes debt issuance costs, had a carrying value of approximately $1.2 billion, compared to the estimated fair value of $ 1.1 billion. At December 31, 2023, long-term debt, which includes the current maturities but excludes debt issuance costs, had a carrying value of approximately $1.2 billion, compared to a fair value of approximately $ 1.2 billion. The fair value was calculated using a discounted cash flow methodology that incorporates a market interest rate based on published corporate borrowing rates for debt instruments with similar terms and average maturities, and with adjustments for duration, optionality, and risk profile. The valuation technique used to estimate the fair value of long-term debt would be considered a Level 2 measurement.

14. Long-Term Debt

Our outstanding long-term debt is shown below:

(in thousands)	March 31, 2024	December 31, 2023
Uncollateralized senior notes:		
5.68% notes, due June 30, 2026	**$ 8,700**	$ 8,700
6.43% notes, due May 2, 2028	**3,500**	3,500
3.73% notes, due December 16, 2028	**10,000**	10,000
3.88% notes, due May 15, 2029	**30,000**	30,000
3.25% notes, due April 30, 2032	**57,750**	59,500
3.48% notes, due May 31, 2038	**50,000**	50,000
3.58% notes, due November 30, 2038	**50,000**	50,000
3.98% notes, due August 20, 2039	**100,000**	100,000
2.98% notes, due December 20, 2034	**70,000**	70,000
3.00% notes, due July 15, 2035	**50,000**	50,000
2.96% notes, due August 15, 2035	**40,000**	40,000
2.49% notes, due January 25, 2037	**50,000**	50,000
2.95% notes, due March 15, 2042	**50,000**	50,000
5.43% notes, due March 14, 2038	**80,000**	80,000
6.39% notes, due December 2026	**100,000**	100,000
6.44% notes, due December 2027	**100,000**	100,000
6.45% notes, due December 2028	**100,000**	100,000
6.62% notes, due December 2030	**100,000**	100,000
6.71% notes, due December 2033	**100,000**	100,000
6.73% notes, due December 2038	**50,000**	50,000
Equipment security note		
2.46% note, due September 24, 2031	**7,409**	7,633
Less: debt issuance costs	**(3,682)**	(3,753)
Total long-term debt	**1,203,677**	1,205,580
Less: current maturities	**(18,511)**	(18,505)
Total long-term debt, net of current maturities	**$ 1,185,166**	$ 1,187,075

Terms of the Senior Notes

All of our outstanding Senior Notes set forth certain business covenants to which we are subject when any note is outstanding, including covenants that limit or restrict our ability, and the ability of our subsidiaries, to incur indebtedness, or place or permit liens and encumbrances on any of our property or the property of our subsidiaries.

Senior Notes

On November 20, 2023, we issued Senior Notes in the aggregate principal amount of $ 550.0 million at an average interest rate of 6.54 percent that were used to partially finance our acquisition of FCG which closed during the fourth quarter of 2023. These notes have varying maturity dates of between three and 15 years, and the outstanding principal balance of the notes will be due on their respective maturity dates with interest payments payable semiannually until the principal has been paid in full. These Senior Notes have similar covenants and default provisions as our other Senior Notes.

On March 14, 2023 we issued 5.43 percent Senior Notes due in March 2038 in the aggregate principal amount of $ 80.0 million and used the proceeds received from the issuances of the Senior Notes to reduce short-term borrowings under our Revolver credit facility and to fund capital expenditures. These Senior Notes have similar covenants and default provisions as our other Senior Notes, and have an annual principal payment beginning in the sixth year after the issuance.

Shelf Agreements

We have entered into Shelf Agreements with Prudential and MetLife, whom are under no obligation to purchase any unsecured debt, with terms that extend through February 2026. At March 31, 2024, a total of $255.0 million of borrowing capacity was available under these agreements.

15. Short-Term Borrowings

We are authorized by our Board of Directors to borrow up to $ 375.0 million of short-term debt, as required. At March 31, 2024 and December 31, 2023, we had $170.4 million and $179.9 million, respectively, of short-term borrowings outstanding at a weighted average interest rate of 5.83 percent during each period. There were no borrowings outstanding under the sustainable investment sublimit of the 364-day tranche at March 31, 2024.

We have entered into several amendments to our Revolver which resulted in modifications to both tranches of the facility. The most recent amendment in October 2023 increased our funded indebtedness ratio from 65 percent to 70 percent during the quarter in which the acquisition of FCG was consummated and the quarter subsequent to the closing of the acquisition. The amendment in August 2023 renewed the 364-day tranche of the Revolver providing for $175.0 million of short-term debt capacity. Additionally, the amendment under the 364-day tranche prescribed that borrowings would bear interest (i) based upon the SOFR, plus a 10-basis point credit spread adjustment, and an applicable margin of 1.05 percent or less, with such margin based on total indebtedness as a percentage of total capitalization or (ii) the base rate, solely at our discretion. Further, the amendment provided that borrowings under the 364-day green loan sublimit would bear interest at (i) the SOFR rate plus a 10-basis point credit spread adjustment and an applicable margin of 1.00 percent or less, with such margin based on total indebtedness as a percentage of total capitalization or (ii) the base rate plus 0.05 percent or less, solely at our discretion. The amendment entered into in 2022 reset the benchmark interest rate to SOFR and eliminated a previous covenant which capped our investment limit to $150.0 million for investments where we maintain less than 50 percent ownership.

The 364-day tranche of the Revolver expires in August 2024 and the five-year tranche expires in August 2026. Borrowings under both tranches of the Revolver are subject to a pricing grid, including the commitment fee and the interest rate charged based upon our total indebtedness to total capitalization ratio for the prior quarter. As of March 31, 2024, the pricing under the 364-day tranche of the Revolver included a commitment fee of 10 basis points on undrawn amounts and an interest rate of 80 basis points over SOFR plus a 10-basis point SOFR adjustment on outstanding balances. As of March 31, 2024, the pricing under the five-year tranche of the Revolver included a commitment fee of 10-basis points on undrawn amounts and an interest rate of 100-basis points over SOFR plus a 10-basis point SOFR adjustment on outstanding balances.

The availability of funds under the Revolver is subject to conditions specified in the credit agreement, all of which we currently satisfy. These conditions include our compliance with financial covenants and the continued accuracy of representations and warranties contained in the Revolver's loan documents. We are required by the financial covenants in the Revolver to maintain, at the end of each fiscal year, a funded indebtedness ratio as described above. As of March 31, 2024, we were in compliance with this covenant.

Our total available credit under the Revolver at March 31, 2024 was $ 197.6 million. As of March 31, 2024, we had issued $ 7.0 million in letters of credit to various counterparties under the Revolver. These letters of credit are not included in the outstanding short-term borrowings and we do not anticipate that they will be drawn upon by the counterparties. The letters of credit reduce the available borrowings under the Revolver.

In connection with our acquisition of FCG, we entered into a 364-day Bridge Facility commitment with Barclays Bank PLC and other lending parties for up to $965.0 million. Upon closing of the FCG acquisition in November 2023, and with the completion of other financing activities as defined in the lending agreement, this facility was terminated with no funds drawn to finance the transaction. For additional information regarding the acquisition and related financing, see Note 3, *Acquisitions,* Note 9, *Stockholders Equity*, and Note 14, *Long-Term Debt.*

For additional information on interest rate swaps related to our short-term borrowings, see Note 12, *Derivative Instruments*.

16. Leases

We have entered into lease arrangements for office space, land, equipment, pipeline facilities and warehouses. These lease arrangements enable us to better conduct business operations in the regions in which we operate. Office space is leased to provide adequate workspace for our employees in several locations throughout our service territories. We lease land at various locations throughout our service territories to enable us to inject natural gas into underground storage and distribution systems, for bulk storage capacity, for our propane operations and for storage of equipment used in repairs and maintenance of our infrastructure. We lease natural gas compressors to ensure timely and reliable transportation of natural gas to our customers. We also lease warehouses to store equipment and materials used in repairs and maintenance for our businesses.

Some of our leases are subject to annual changes in the Consumer Price Index ("CPI"). While lease liabilities are not re-measured as a result of changes to the CPI, changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred. A 100-basis-point increase in CPI would not have resulted in material additional annual lease costs. Most of our leases include options to renew, with renewal terms that can extend the lease term from one to 25 years or more. The exercise of lease renewal options is at our sole discretion. The amounts disclosed in our consolidated balance sheet at March 31, 2024, pertaining to the right-of-use assets and lease liabilities, are measured based on our current expectations of exercising our available renewal options. Our existing leases are not subject to any restrictions or covenants that would preclude our ability to pay dividends, obtain financing or enter into additional leases. As of March 31, 2024, we have not entered into any leases, which have not yet commenced, that would entitle us to significant rights or create additional obligations. The following table presents information related to our total lease cost included in our condensed consolidated statements of income:

		Three Months Ended March 31,	
(in thousands)	**Classification**	**2024**	**2023**
Operating lease cost [(1)]	Operations expense	**$ 736**	$ 788

[(1)] Includes short-term leases and variable lease costs, which are immaterial.

The following table presents the balance and classifications of our right of use assets and lease liabilities included in our condensed consolidated balance sheet at March 31, 2024 and December 31, 2023:

(in thousands)	**Balance sheet classification**	**March 31, 2024**	**December 31, 2023**
Assets			
Operating lease assets	Operating lease right-of-use assets	**$ 11,719**	$ 12,426
Liabilities			
Current			
Operating lease liabilities	Other accrued liabilities	**$ 2,479**	$ 2,454
Noncurrent			
Operating lease liabilities	Operating lease - liabilities	**9,832**	10,550
Total lease liabilities		**$ 12,311**	$ 13,004

The following table presents our weighted-average remaining lease terms and weighted-average discount rates for our operating leases at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term (*in years*)		
Operating leases	**8.0**	8.1
Weighted-average discount rate		
Operating leases	**3.5 %**	3.5 %

The following table presents additional information related to cash paid for amounts included in the measurement of lease liabilities included in our condensed consolidated statements of cash flows as of March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Operating cash flows from operating leases	**$ 724**	$ 722

The following table presents the future undiscounted maturities of our operating and financing leases at March 31, 2024 and for each of the next five years and thereafter:

(in thousands)	Operating Leases [(1)]
Remainder of 2024	**$ 2,128**
2025	**2,302**
2026	**1,767**
2027	**1,531**
2028	**1,152**
2029	**1,092**
Thereafter	**4,066**
Total lease payments	**14,038**
Less: Interest	**(1,727)**
Present value of lease liabilities	**$ 12,311**

(1) Operating lease payments include $2.1 million related to options to extend lease terms that are reasonably certain of being exercised.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations is designed to provide a reader of the financial statements with a narrative report on our financial condition, results of operations and liquidity. This discussion and analysis should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2023, including the audited consolidated financial statements and notes thereto.

Safe Harbor for Forward-Looking Statements

We make statements in this Quarterly Report on Form 10-Q (this "Quarterly Report") that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. One can typically identify forward-looking statements by the use of forward-looking words, such as "project," "believe," "expect," "anticipate," "intend," "plan," "estimate," "continue," "potential," "forecast" or other similar words, or future or conditional verbs such as "may," "will," "should," "would" or "could." These statements represent our intentions, plans, expectations, assumptions and beliefs about future financial performance, business strategy, projected plans and objectives of the Company. Forward-looking statements speak only as of the date they are made or as of the date indicated and we do not undertake any obligation to update forward-looking statements as a result of new information, future events or otherwise. These statements are subject to many risks and uncertainties. In addition to the risk factors described under Item 1A., Risk Factors in our 2023 Annual Report on Form 10-K, the following important factors, among others, could cause actual future results to differ materially from those expressed in the forward-looking statements:

- state and federal legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed and the degree to which competition enters the electric and natural gas industries;
- the outcomes of regulatory, environmental and legal matters, including whether pending matters are resolved within current estimates and whether the related costs are adequately covered by insurance or recoverable in rates;
- the impact of climate change, including the impact of greenhouse gas emissions or other legislation or regulations intended to address climate change;
- the impact of significant changes to current tax regulations and rates;
- the timing of certification authorizations associated with new capital projects and the ability to construct facilities at or below estimated costs;
- changes in environmental and other laws and regulations to which we are subject and environmental conditions of property that we now, or may in the future, own or operate;
- possible increased federal, state and local regulation of the safety of our operations;
- the availability and reliability of adequate technology, including our ability to adapt to technological advances, effectively implement new technologies and manage the related costs;
- the inherent hazards and risks involved in transporting and distributing natural gas, electricity and propane;
- the economy in our service territories or markets, the nation, and worldwide, including the impact of economic conditions (which we do not control) on demand for natural gas, electricity, propane or other fuels;
- risks related to cyber-attacks or cyber-terrorism that could disrupt our business operations or result in failure of information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information;
- adverse weather conditions, including the effects of hurricanes, ice storms and other damaging weather events;
- customers' preferred energy sources;
- industrial, commercial and residential growth or contraction in our markets or service territories;
- the effect of competition on our businesses from other energy suppliers and alternative forms of energy;
- the timing and extent of changes in commodity prices and interest rates;
- the effect of spot, forward and future market prices on our various energy businesses;
- the extent of our success in connecting natural gas and electric supplies to our transmission systems, establishing and maintaining key supply sources, and expanding natural gas and electric markets;
- the creditworthiness of counterparties with which we are engaged in transactions;
- the capital-intensive nature of our regulated energy businesses;
- our ability to access the credit and capital markets to execute our business strategy, including our ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions;
- the ability to successfully execute, manage and integrate a merger, acquisition or divestiture of assets or businesses and the related regulatory or other conditions associated with the merger, acquisition or divestiture;
- the impact on our costs and funding obligations, under our pension and other postretirement benefit plans, of potential downturns in the financial markets, lower discount rates, and costs associated with health care legislation and regulation;
- the ability to continue to hire, train and retain appropriately qualified personnel;

- the availability of, and competition for, qualified personnel supporting our natural gas, electricity and propane businesses;
- the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; and
- the impacts associated with a pandemic, including the duration and scope of the pandemic the corresponding impact on our supply chains, our personnel, our contract counterparties, general economic conditions and growth, the financial markets and any costs to comply with governmental mandates.

Introduction

Chesapeake Utilities is a Delaware corporation formed in 1947. We are a diversified energy company engaged, through our operating divisions and subsidiaries, in regulated energy, unregulated energy and other businesses. We operate primarily on the east coast of the United States and provide natural gas distribution and transmission; electric distribution and generation; propane gas distribution; mobile compressed natural gas services; steam generation; and other energy-related services.

Our strategy is focused on growing earnings from a stable regulated energy delivery foundation and investing in related businesses and services that provide opportunities for returns greater than traditional utility returns. We seek to identify and develop opportunities across the energy value chain, with emphasis on midstream and downstream investments that are accretive to earnings per share, consistent with our long-term growth strategy and create opportunities to continue our record of top tier returns on equity relative to our peer group. Our growth strategy includes the continued investment and expansion of our regulated operations that provide a stable base of earnings, as well as investments in other related non-regulated businesses and services including sustainable energy initiatives. By investing in these related business and services, we create opportunities to sustain our track record of higher returns, as compared to a traditional utility.

Currently, our growth strategy is focused on the following platforms, including:

- Optimizing the earnings growth in our existing businesses, which includes organic growth, territory expansions, and new products and services as well as increased opportunities to transform the Company with a focus on people, process, technology and organizational structure.
- Identification and pursuit of additional pipeline expansions, including new interstate and intrastate transmission projects.
- Growth of Marlin Gas Services' CNG transport business and expansion into LNG and RNG transport services as well as methane capture.
- Identifying and undertaking additional strategic propane acquisitions that provide a larger foundation in current markets and expand our brand and presence into new strategic growth markets.
- Pursuit of growth opportunities that enable us to utilize our integrated set of energy delivery businesses to participate in sustainable energy opportunities.

Due to the seasonality of our business, results for interim periods are not necessarily indicative of results for the entire fiscal year. Revenue and earnings are typically greater during the first and fourth quarters, when consumption of energy is normally highest due to colder temperatures.

Sustainability Initiatives

We continue to remain steadfast in regards to our sustainability commitments, including the following:

- Maintaining a leading role in the journey to a lower carbon future in our service areas.
- Continuing to promote a diverse and inclusive workplace and further the sustainability of the communities we serve.
- Operating our businesses with integrity and the highest ethical standards.

These commitments guide our mission to deliver energy that makes life better for the people and communities we serve. They impact every aspect of the relationships we have with our stakeholders. In April of 2024, we unveiled our first in a series of sustainability micro-reports, with the first report focused on Safety and Reliability. The Safety and Reliability Report will be followed by at least two additional micro-reports. The second report, expected to be published this summer, will focus on the Company's environmental stewardship, including progress on environmental sustainability initiatives and mitigation of greenhouse gas emissions. The third micro-report, planned for distribution in the fall, will focus on community impact, reporting on Diversity, Equity and Inclusion ("DEI") initiatives and investments in people, communities and customers.

Transitioning from a single large sustainability report to these micro-reports will provide a steadier release of information throughout the year, including progress updates and new or expanded initiatives and programs. In addition to the micro-reports, the Company will publish investor-focused tables later this year.

We encourage our investors to review the Safety and Reliability micro-report, as well as prior sustainability reports, which can be accessed on our website, and welcome feedback as we continue to enhance our sustainability disclosures.

Acquisition of Florida City Gas

On November 30, 2023, we completed the acquisition of FCG for $ 922.8 million in cash, which included working capital adjustments as defined in the agreement that were settled during the first quarter of 2024, pursuant to the previously disclosed stock purchase agreement with Florida Power & Light Company. Upon completion of the acquisition, FCG became a wholly-owned subsidiary of the Company and is included within our Regulated Energy segment. FCG serves approximately 120,000 residential and commercial natural gas customers across eight counties in Florida, including Miami-Dade, Broward, Brevard, Palm Beach, Hendry, Martin, St. Lucie and Indian River. Its natural gas system includes approximately 3,800 miles of distribution main and 80 miles of transmission pipe.

In June 2023, FCG received approval from the Florida PSC for a $23.3 million total increase in base revenue in connection with its May 2022 rate case filing. The new rates, which became effective as of May 1, 2023, included the transfer of its SAFE program provisions from a rider clause to base rates, an increase in rates associated with a liquefied natural gas facility, and approval of FCG's proposed RSAM with a $25.0 million reserve amount. The RSAM is recorded as either an increase or decrease to accrued removal costs on the balance sheet, with a corresponding increase or decrease to depreciation and amortization expense. The impact of FCG's results from the acquisition date and effects on our liquidity are discussed further below and throughout Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Unless otherwise noted, EPS and Adjusted EPS information are presented on a diluted basis.

Non-GAAP Financial Measures

This document, including the tables herein, include references to both Generally Accepted Accounting Principles ("GAAP") and non-GAAP financial measures, including Adjusted Gross Margin, Adjusted Net Income and Adjusted EPS. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's historical or future performance that includes or excludes amounts, or that is subject to adjustments, so as to be different from the most directly comparable measure calculated or presented in accordance with GAAP. Our management believes certain non-GAAP financial measures, when considered together with GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period.

We calculate Adjusted Gross Margin by deducting the purchased cost of natural gas, propane and electricity and the cost of labor spent on direct revenue-producing activities from operating revenues. The costs included in Adjusted Gross Margin exclude depreciation and amortization and certain costs presented in operations and maintenance expenses in accordance with regulatory requirements. We calculate Adjusted Net Income and Adjusted EPS by deducting non-recurring costs and expenses associated with significant acquisitions that may affect the comparison of period-over-period results. These non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures. The Company believes that these non-GAAP financial measures are useful and meaningful to investors as a basis for making investment decisions, and provide investors with information that demonstrates the profitability achieved by the Company under allowed rates for regulated energy operations and under the Company's competitive pricing structures for unregulated energy operations. The Company's management uses these non-GAAP financial measures in assessing a business unit's and the overall Company performance. Other companies may calculate these non-GAAP financial measures in a different manner.

The following tables reconcile Gross Margin, Net Income, and EPS, all as defined under GAAP, to our non-GAAP financial measures of Adjusted Gross Margin, Adjusted Net Income and Adjusted EPS for the three months ended March 31, 2024 and 2023:

Adjusted Gross Margin

	For the Three Months Ended March 31, 2024			
(in thousands)	Regulated Energy	Unregulated Energy	Other and Eliminations	Total
Operating Revenues	**$ 168,426**	**$ 83,103**	**$ (5,785)**	**$ 245,744**
Cost of Sales:				
Natural gas, propane and electric costs	(49,918)	(37,054)	5,755	(81,217)
Depreciation & amortization	(12,537)	(4,481)	2	(17,016)
Operations & maintenance expenses [1]	(12,736)	(8,422)	(2)	(21,160)
Gross Margin (GAAP)	**93,235**	**33,146**	**(30)**	**126,351**
Operations & maintenance expenses [1]	12,736	8,422	2	21,160
Depreciation & amortization	12,537	4,481	(2)	17,016
Adjusted Gross Margin (Non-GAAP)	**$ 118,508**	**$ 46,049**	**$ (30)**	**$ 164,527**

	For the Three Months Ended March 31, 2023			
(in thousands)	Regulated Energy	Unregulated Energy	Other and Eliminations	Total
Operating Revenues	**$ 142,270**	**$ 83,165**	**$ (7,306)**	**$ 218,129**
Cost of Sales:				
Natural gas, propane and electric costs	(55,288)	(40,571)	7,270	(88,589)
Depreciation & amortization	(12,952)	(4,234)	3	(17,183)
Operations & maintenance expenses [1]	(9,287)	(8,476)	5	(17,758)
Gross Margin (GAAP)	**64,743**	**29,884**	**(28)**	**94,599**
Operations & maintenance expenses [1]	9,287	8,476	(5)	17,758
Depreciation & amortization	12,952	4,234	(3)	17,183
Adjusted Gross Margin (Non-GAAP)	**$ 86,982**	**$ 42,594**	**$ (36)**	**$ 129,540**

[1] Operations & maintenance expenses within the condensed consolidated statements of income are presented in accordance with regulatory requirements and to provide comparability within the industry. Operations & maintenance expenses which are deemed to be directly attributable to revenue producing activities have been separately presented above in order to calculate Gross Margin as defined under U.S. GAAP.

2024 to 2023 Gross Margin (GAAP) Variance – Regulated Energy

Gross Margin (GAAP) for the Regulated Energy segment for the quarter ended March 31, 2024 was $93.2 million, an increase of $28.5 million, or 44.0 percent, compared to the same period in 2023. Higher gross margin reflects incremental margin attributable to FCG, organic growth in our natural gas distribution businesses and continued pipeline expansion projects, and incremental contributions associated with regulated infrastructure programs. These contributors were partially offset by non-recurring FCG transaction and transition-related expenses.

2024 to 2023 Gross Margin (GAAP) Variance – Unregulated Energy

Gross Margin (GAAP) for the Unregulated Energy segment for the quarter ended March 31, 2024 was $33.1 million, an increase of $3.3 million, or 10.9 percent, compared to the same period in 2023. Higher gross margin related primarily to contributions from increased propane margins and fees as well as increased customer margins and improved customer consumption at Aspire.

Adjusted Net Income and Adjusted EPS

(in thousands, except per share data)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net Income (GAAP)	**$ 46,168**	$ 36,344
FCG transaction and transition-related expenses, net [1]	**677**	—
Adjusted Net Income (Non-GAAP)	**$ 46,845**	$ 36,344
Weighted average common shares outstanding - diluted [2]	**22,306**	17,832
Earnings Per Share - Diluted (GAAP)	**$ 2.07**	$ 2.04
FCG transaction and transition-related expenses, net [1]	**0.03**	—
Adjusted Earnings Per Share - Diluted (Non-GAAP)	**$ 2.10**	$ 2.04

[1] Transition-related expenses represent non-recurring costs incurred attributable to the acquisition and integration of FCG including, but not limited to, transition services, consulting, system integration, rebranding, and legal fees.

[2] Weighted average shares for the quarter ended March 31, 2024 reflect the impact of 4.4 million common shares issued in November 2023 in connection with the acquisition of FCG. See Notes 3 and 9 for additional details on the acquisition and related equity offering.

2024 to 2023 Net Income (GAAP) Variance

Net income (GAAP) for the quarter ended March 31, 2024 was $46.2 million, or $2.07 per share, compared to $36.3 million, or $2.04 per share, for the same quarter of 2023. Net income for the three months ended March 31, 2024 included $0.7 million of transaction and transition-related expenses in connection with the acquisition and integration of FCG. Excluding these costs, net income increased by $10.5 million or 28.9 percent compared to the same period in the prior year.

Results of Operations for the Three Months Ended March 31, 2024

Operational Highlights

Our adjusted net income for the three months ended March 31, 2024 was $46.8 million, or $2.10 per share, compared to $36.3 million, or $2.04 per share, for the same quarter of 2023. Adjusted net income for the first quarter of 2023 included a non-recurring gain of $1.3 million related to a reduction in the Pennsylvania state tax rate. Operating income for the first quarter of 2024 was $79.6 million, an increase of $24.7 million or 44.9 percent compared to the same period in 2023. Excluding transaction and transition-related expenses associated with the acquisition and integration of FCG, operating income increased $25.6 million or 46.6 percent compared to the prior-year period. Adjusted gross margin in the first quarter of 2024 was positively impacted by incremental margin from FCG, natural gas organic growth and continued pipeline expansion projects, higher customer consumption, incremental contributions associated with regulatory initiatives, and increased propane margins and fees compared to the prior-year period. Higher operating expenses in the first quarter of 2024 largely associated with FCG were partially offset by lower employee benefits and incentive compensation costs compared to the same quarter of 2023. Increases in depreciation and amortization expense attributable to growth projects and FCG were partially offset by lower depreciation in our electric operations due to revised rates in the electric depreciation study filing approved in December 2023 and a $3.4 million RSAM adjustment from FCG.

(in thousands, except per share data)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease)
Adjusted Gross Margin			
Regulated Energy segment	**$ 118,508**	$ 86,982	$ 31,526
Unregulated Energy segment	**46,049**	42,594	3,455
Other businesses and eliminations	**(30)**	(36)	6
Total Adjusted Gross Margin	**$ 164,527**	**$ 129,540**	$ 34,987
Operating Income			
Regulated Energy segment	**$ 58,109**	$ 37,625	$ 20,484
Unregulated Energy segment	**21,429**	17,245	4,184
Other businesses and eliminations	**47**	45	2
Total Operating Income	**79,585**	**54,915**	24,670
Other income, net	**195**	276	(81)
Interest charges	**17,026**	7,232	9,794
Income Before Income Taxes	**62,754**	47,959	14,795
Income taxes	**16,586**	11,615	4,971
Net Income	**$ 46,168**	$ 36,344	$ 9,824
Weighted Average Common Shares Outstanding: [1]			
Basic	**22,250**	17,760	4,490
Diluted	**22,306**	17,832	4,474
Earnings Per Share of Common Stock			
Basic	**$ 2.07**	$ 2.05	$ 0.02
Diluted	**$ 2.07**	$ 2.04	$ 0.03
Adjusted Net Income and Adjusted Earnings Per Share			
Net Income (GAAP)	**$ 46,168**	$ 36,344	$ 9,824
FCG transaction and transition-related expenses, net [2]	**677**	—	677
Adjusted Net Income (Non-GAAP)	**$ 46,845**	$ 36,344	$ 10,501
Earnings Per Share - Diluted (GAAP)	**$ 2.07**	$ 2.04	$ 0.03
FCG transaction and transition-related expenses, net [2]	**0.03**	—	0.03
Adjusted Earnings Per Share - Diluted (Non-GAAP)	**$ 2.10**	$ 2.04	$ 0.06

[1] Weighted average shares for the quarter ended March 31, 2024 reflect the impact of 4.4 million common shares issued in November 2023 in connection with the acquisition of FCG.

[2] Transaction and transition-related expenses represent costs incurred attributable to the acquisition and integration of FCG including, but not limited to, transition services, consulting, system integration, rebranding and legal fees.

Table of Contents

Key variances between the first quarter of 2023 and the first quarter of 2024 included:

(in thousands, except per share data)	Pre-tax Income	Net Income	Earnings Per Share
First Quarter of 2023 Adjusted Results	**$ 47,959**	**$ 36,344**	**$ 2.04**
Non-recurring Items:			
Absence of the one-time benefit associated with a reduction in the PA state tax rate	—	(1,284)	(0.06)
	—	(1,284)	(0.06)
Increased Adjusted Gross Margins:			
Contribution from recent acquisitions	25,397	18,685	0.84
Natural gas growth including conversions (excluding service expansions)	1,916	1,409	0.07
Changes in customer consumption	1,906	1,402	0.06
Natural gas transmission service expansions*	1,622	1,193	0.05
Contribution from rates associated with the Florida natural gas base rate proceeding*	1,498	1,102	0.05
Contributions from regulated infrastructure programs*	1,278	941	0.04
Higher performance from Aspire Energy	938	690	0.03
Increased propane margins and service fees	559	411	0.02
	35,114	25,833	1.16
(Increased) Decreased Operating Expenses (Excluding Natural Gas, Propane, and Electric Costs):			
FCG operating expenses	(10,413)	(7,661)	(0.34)
Depreciation, amortization and property tax costs	(1,498)	(1,102)	(0.05)
Insurance related costs	(525)	(386)	(0.02)
Payroll, benefits and other employee-related expenses	2,964	2,181	0.10
	(9,472)	(6,968)	(0.31)
Interest charges	(9,794)	(7,206)	(0.32)
Increase in shares outstanding due to 2023 and 2024 equity offerings	—	—	(0.41)
Net other changes	(132)	126	—
	(9,926)	(7,080)	(0.73)
First Quarter of 2024 Adjusted Results**	**$ 63,675**	**$ 46,845**	**$ 2.10**

***** See the Major Projects and Initiatives table.

** Transaction and transition-related expenses attributable to the acquisition and integration of FCG have been excluded from the Company's non-GAAP measures of adjusted net income and adjusted EPS. See reconciliations above for a detailed comparison to the related GAAP measures.

Table of Contents

Summary of Key Factors

Recently Completed and Ongoing Major Projects and Initiatives

We continuously pursue and develop additional projects and initiatives to serve existing and new customers, further grow our businesses and earnings, and increase shareholder value. The following table includes all major projects and initiatives that are currently underway or recently completed. Our practice is to add new projects and initiatives to this table once negotiations or details are substantially final and/or the associated earnings can be estimated. Major projects and initiatives that have generated consistent year-over-year adjusted gross margin contributions are removed from the table at the beginning of the next calendar year.

	Adjusted Gross Margin				
	Three Months Ended March 31,		Year Ended December 31,	Estimate for Fiscal	
(in thousands)	**2024**	2023	2023	2024	2025
Pipeline Expansions:					
Southern Expansion	**$ 586**	$ —	$ 586	$ 2,344	$ 2,344
Beachside Pipeline Expansion	**603**	—	1,810	2,451	2,414
North Ocean City Connector	**—**	—	—	—	494
St. Cloud / Twin Lakes Expansion	**146**	—	264	584	584
Wildlight	**199**	26	471	2,000	2,038
Lake Wales	**114**	—	265	454	454
Newberry	**—**	—	—	862	2,585
Boynton Beach	**—**	—	—	—	3,342
New Smyrna Beach	**—**	—	—	—	1,710
Total Pipeline Expansions	**1,648**	26	3,396	8,695	15,965
CNG/RNG/LNG Transportation and Infrastructure	**3,435**	3,521	11,181	12,500	13,969
Regulatory Initiatives:					
Florida GUARD program	**589**	—	353	3,231	5,602
FCG SAFE Program	**412**	—	—	2,683	5,293
Capital Cost Surcharge Programs	**831**	720	2,829	3,979	4,374
Florida Rate Case Proceeding [1]	**5,595**	4,097	15,835	17,153	17,153
Maryland Rate Case [2]	**—**	—	—	TBD	TBD
Electric Storm Protection Plan	**630**	206	1,326	2,433	3,951
Total Regulatory Initiatives	**8,057**	5,023	20,343	29,479	36,373
Total	**$ 13,140**	$ 8,570	$ 34,920	$ 50,674	$ 66,307

[1] Includes adjusted gross margin during 2023 comprised of both interim rates and permanent base rates which became effective in March 2023.

[2] Rate case application and depreciation study filed with the Maryland PSC in January 2024. See additional information provided below.

Detailed Discussion of Major Projects and Initiatives

Pipeline Expansions

Southern Expansion

Eastern Shore installed a new natural gas driven compressor skid unit at its existing Bridgeville, Delaware compressor station that provides 7,300 Dts of incremental firm transportation pipeline capacity. The project was placed in service in the fourth quarter of 2023. The project generated additional adjusted gross margin of $0.6 million for the three months ended March 31, 2024, and is expected to produce adjusted gross margin of $2.3 million in 2024 and thereafter.

Beachside Pipeline Expansion

In June 2021, Peninsula Pipeline and FCG entered into a Transportation Service Agreement for an incremental 10,176 Dts/d of firm service in Indian River County, Florida, to support Florida City Gas' growth along the Indian River's barrier island. As part of this agreement, Peninsula Pipeline constructed approximately 11.3 miles of pipeline from its existing pipeline in Sebastian, Florida. The project went into service in April 2023. Subsequent to the acquisition of FCG, the agreement is now an affiliate agreement. The project generated additional adjusted gross margin of $0.6 million for the three months ended March 31, 2024, and is expected to produce adjusted gross margin of approximately $2.5 million in 2024 and $2.4 million in 2025 and thereafter.

North Ocean City Connector

Our Delaware natural gas division and Sandpiper installed approximately 5.4 miles of pipeline across southern Sussex County, Delaware to Fenwick Island, Delaware and Worcester County, Maryland. The project reinforces our existing system in Ocean City, Maryland and enables incremental growth along the pipeline. Construction of this project was completed in the second quarter of 2023. The Company filed a natural gas rate case application with the PSC for the state of Maryland in January 2024 as discussed below. Adjusted gross margin in connection with this project is contingent upon the completion of the rate case and inclusion of the project in rate base. As a result, we expect this expansion to generate annual adjusted gross margin of approximately $0.5 million beginning in 2025, with additional margin opportunities from incremental growth.

St. Cloud / Twin Lakes Expansion

In July 2022, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreement with FPU for an additional 2,400 Dts/d of firm service in the St. Cloud, Florida area. As part of this agreement, Peninsula Pipeline constructed a pipeline extension and regulator station for FPU. The extension supports new incremental load due to growth in the area, including providing service, most immediately, to the residential development, Twin Lakes. The expansion also improves reliability and provides operational benefits to FPU’s existing distribution system in the area, supporting future growth. This project was placed into service during July 2023 and generated additional adjusted gross margin of $0.1 million for the three months ended March 31, 2024. We expect this extension to generate additional annual adjusted gross margin of $0.6 million in 2024 and thereafter.

In February 2024, Peninsula Pipeline filed a petition with the Florida PSC for approval of an amendment to its Transportation Service Agreement with FPU for an additional 10,000 Dts/d of firm service in the St. Cloud, Florida area. Peninsula Pipeline will construct pipeline expansions that will allow FPU to serve the future communities that are expected in that area. The Florida PSC approved the projects in May 2024.

Wildlight Expansion

In August 2022, Peninsula Pipeline and FPU filed a joint petition with the Florida PSC for approval of its Transportation Service Agreement associated with the Wildlight planned community located in Nassau County, Florida. The project enables us to meet the significant growing demand for service in Yulee, Florida. The agreement will enable us to build the project during the construction and build-out of the community, and charge the reservation rate as each phase of the project goes into service. Construction of the pipeline facilities will occur in two separate phases. Phase one consists of three extensions with associated facilities, and a gas injection interconnect with associated facilities. Phase two will consist of two additional pipeline extensions. Various phases of the project commenced in the first quarter of 2023, with construction on the overall project continuing through 2025. The project generated additional adjusted gross margin of $0.2 million for the three months ended March 31, 2024, and is expected to contribute adjusted gross margin of approximately $2.0 million in 2024 and beyond.

Lake Wales Expansion

In February 2023, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreement with our Florida Natural Gas distribution business, FPU, for an additional 9,000 Dts/d of firm service in the Lake Wales, Florida area. The PSC approved the petition in April 2023 and Peninsula Pipeline completed the acquisition of an existing pipeline in May 2023 that is being utilized to serve both current and new natural gas customers. The project generated additional adjusted gross margin of $0.1 million for the three months ended March 31, 2024, and is expected to contribute adjusted gross margin of approximately $0.5 million in 2024 and beyond.

Newberry Expansion

In April 2023, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreement with FPU for an additional 8,000 Dts/d of firm service in the Newberry, Florida area. The petition was approved by the Florida PSC in the third quarter of 2023. Peninsula Pipeline will construct a pipeline extension, which will be used by FPU to support the development of a natural gas distribution system to provide gas service to the City of Newberry. A filing to address the acquisition and conversion of existing Company owned propane community gas systems in Newberry was made in November 2023. The Florida PSC approved it in April 2024. Conversions are anticipated to begin during the second quarter of 2024. The project is expected to contribute adjusted gross margin of approximately $0.9 million in 2024 and $2.6 million in 2025 and beyond.

Worcester Resiliency Upgrade

In August 2023, Eastern Shore filed an application with the FERC requesting authorization to construct the Worcester Resiliency Upgrade, which consists of a mixture of storage and transmission facilities in Sussex County, DE and Wicomico, Worcester, and Somerset Counties in Maryland. The project will provide long-term incremental supply necessary to support the growing demand of the participating shippers. Eastern Shore has requested certificate authorization by December 2024, with a target in-service date by the third quarter of 2025. In December 2023, FERC issued its schedule for preparation of the Environmental Assessment. In April 2024, the FERC issued their environmental assessment with no significant impacts noted.

East Coast Reinforcement Projects

In December 2023, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreements with FPU for projects that will support additional supply to communities on the East Coast of Florida. The projects are driven by the need for increased supply to coastal portions of the state that are experiencing significant population growth. Peninsula Pipeline will construct several pipeline extensions which will support FPU’s distribution system in the areas of Boynton Beach and New Smyrna Beach with an additional 15,000 Dts/d and 3,400 Dts/d, respectively. The Florida PSC approved the projects in March 2024. The projects are expected to contribute adjusted gross margin of approximately $5.1 million in 2025 and $6.3 million in 2026 and beyond.

Central Florida Reinforcement Projects

In February 2024, Peninsula Pipeline filed a petition with the Florida PSC for approval of its Transportation Service Agreements with FPU for projects that will support additional supply to communities located in Central Florida. The projects are driven by the need for increased supply to communities in central Florida that are experiencing significant population growth. Peninsula Pipeline will construct several pipeline extensions which will support FPU’s distribution system in the areas of Plant City and Lake Mattie with an additional 5,000 Dts/d and 8,700 Dts/d, respectively. The Florida PSC approved the projects in May 2024.

Pioneer Supply Header Pipeline Project

In March 2024, Peninsula Pipeline filed a petition with the Florida PSC for its approval of Firm Transportation Service Agreements with both FCG and FPU for a project that will support greater supply growth of natural gas service in southeast Florida. The project consists of the transfer of a pipeline asset from FCG to Peninsula Pipeline. Peninsula Pipeline will proceed to provide transportation service to both FCG and FPU using the pipeline asset, which provides opportunities for additional project development.

Alternative Natural Gas Projects

In February 2024, Peninsula Pipeline filed a petition with the Florida PSC for its approval of its Transportation Service Agreements with FCG for projects that will support the transportation of additional supply into FCG’s distribution system. The projects are driven by continued growth in the regions and will facilitate additional transportation capacity, including the transportation of pipeline quality gas produced from landfills through FCG's system. Peninsula Pipeline will construct several pipeline extensions which will support FCG's distribution system in Brevard County, Indian-River County, and Miami-Dade County.

CNG/RNG/LNG Transportation and Infrastructure

We have made a commitment to meet customer demand for CNG, RNG and LNG in the markets we serve. This has included making investments within Marlin Gas Services to be able to transport these products through its virtual pipeline fleet to customers. To date, we have also made an infrastructure investment in Ohio, enabling RNG to fuel a third party landfill fleet and to transport RNG to end use customers off our pipeline system.

We are also involved in various other projects, all at various stages and all with different opportunities to participate across the energy value chain. In many of these projects, Marlin will play a key role in ensuring the RNG is transported to one of our many pipeline systems where it will be injected. We include our RNG transportation services and infrastructure related adjusted gross margin from across the organization in combination with our CNG and LNG projects.

We estimate annual adjusted gross margin of approximately $12.5 million in 2024 and $14.0 million in 2025 for these transportation related services, with potential for additional growth in future years.

Full Circle Dairy

In February 2023, we announced plans to construct, own and operate a dairy manure RNG facility at Full Circle Dairy in Madison County, Florida. The project consists of a facility converting dairy manure to RNG and transportation assets to bring the gas to market. The first injection of RNG is projected to occur in the first half of 2024.

Noble Road Landfill RNG Project

In October 2021, Aspire Energy completed construction of its Noble Road Landfill RNG pipeline project, a 33.1-mile pipeline, which transports RNG generated from the Noble Road landfill to Aspire Energy's pipeline system, displacing conventionally produced natural gas. In conjunction with this expansion, Aspire Energy also upgraded an existing compressor station and installed two new metering and regulation sites. The RNG volume is expected to represent nearly 10 percent of Aspire Energy's gas gathering volumes.

Regulatory Initiatives

Florida GUARD Program

In February 2023, FPU filed a petition with the Florida PSC for approval of the GUARD program. GUARD is a ten-year program to enhance the safety, reliability, and accessibility of portions of our natural gas distribution system. We identified various categories of projects to be included in GUARD, which include the relocation of mains and service lines located in rear easements and other difficult to access areas to the front of the street, the replacement of problematic distribution mains, service lines, and maintenance and repair equipment and system reliability projects. In August 2023, the Florida PSC approved the GUARD program, which included $205.0 million of capital expenditures projected to be spent over a 10-year period. For the three months ended March 31, 2024, there was $0.6 million of incremental adjusted gross margin generated pursuant to the program. The program is expected to generate $3.2 million of adjusted gross margin in 2024 and $5.6 million in 2025.

FCG SAFE Program

In June 2023, the Florida PSC issued the approval order for the continuation of the SAFE program beyond its 2025 expiration date and inclusion of 150 miles of additional mains and services located in rear property easements. The SAFE program is designed to relocate certain mains and facilities associated with rear lot easements to street front locations to improve FCG's ability to inspect and maintain the facilities and reduce opportunities for damage and theft. In the same order, the Commission approved a replacement of 160 miles of pipe that was used in the 1970s and 1980s and shown through industry research to exhibit premature failure in the form of cracking. The program includes projected capital expenditures of $205 million over a 10-year period. For the three months ended March 31, 2024, there was $0.4 million of incremental adjusted gross margin generated pursuant to the program. The program is expected to generate $2.7 million of adjusted gross margin in 2024 and $5.3 million in 2025.

In April 2024, FCG filed a petition with the Florida PSC to more closely align the SAFE Program with FPU's GUARD program. Specifically, the requested modifications will enable FCG to accelerate remediation related to problematic pipe and facilities consisting of obsolete and exposed pipe. If approved, these efforts will serve to improve the safety and reliability of service to FCG's customers. These modifications, if approved, result in an estimated additional $50.0 million in capital expenditures associated with the SAFE Program which would increase the total projected capital expenditures to $255.0 million over a 10-year period.

Capital Cost Surcharge Programs

In December 2019, the FERC approved Eastern Shore's capital cost surcharge to become effective January 1, 2020. The surcharge, an approved item in the settlement of Eastern Shore's last general rate case, allows Eastern Shore to recover capital costs associated with mandated highway or railroad relocation projects that required the replacement of existing Eastern Shore facilities. For the three months ended March 31, 2024, there was $0.1 million of incremental adjusted gross margin generated pursuant to the program. Eastern Shore expects to produce adjusted gross margin of approximately $4.0 million in 2024 and $4.4 million in 2025 from relocation projects, which is ultimately dependent upon the timing of filings and the completion of construction.

Florida Natural Gas Base Rate Proceeding

In May 2022, our legacy natural gas distribution businesses in Florida filed a consolidated natural gas rate case with the Florida PSC. The application included a request for the following: (i) permanent rate relief of approximately $24.1 million, effective January 1, 2023, (ii) a depreciation study also submitted with the filing; (iii) authorization to make certain changes to tariffs to include the consolidation of rates and rate structure across the businesses and to unify the Florida Natural Gas distribution business under FPU; (iv) authorization to retain the acquisition adjustment recorded at the time of the FPU merger in our revenue requirement; and (v) authorization to establish an environmental remediation surcharge for the purposes of addressing future expected remediation costs for FPU MGP sites. In August 2022, interim rates were approved by the Florida PSC in the amount of approximately $7.7 million on an annualized basis, effective for all meter readings in September 2022. The discovery process and related hearings were concluded during the fourth quarter of 2022 and briefs were submitted in the same quarter of 2022. In January 2023, the Florida PSC approved the application for consolidation and permanent rate relief of approximately $17.2 million on an annual basis. Actual rates in connection with the rate relief were approved by the Florida PSC in February 2023 with an effective date of March 1, 2023. For the three months ended March 31, 2024, there was $1.5 million of incremental adjusted gross margin generated pursuant to this proceeding, and it is expected to generate $17.2 million of total adjusted gross margin in 2024 and 2025.

Maryland Natural Gas Rate Case

In January 2024, our natural gas distribution businesses in Maryland, CUC-Maryland Division, Sandpiper Energy, Inc., and Elkton Gas Company (collectively, “Maryland natural gas distribution businesses”) filed a joint application for a natural gas rate case with the Maryland PSC. In connection with the application, we are seeking approval of the following: (i) permanent rate relief of approximately $6.9 million; (ii) authorization to make certain changes to tariffs to include a unified rate structure and to consolidate the Maryland natural gas distribution businesses which we anticipate will be called Chesapeake Utilities of Maryland, Inc.; and (iii) authorization to establish a rider for recovery of the costs associated with our new technology systems. The outcome of the application is subject to review and approval by the Maryland PSC. Rate changes are suspended until December 2024.

Maryland Natural Gas Depreciation Study

In January 2024, our Maryland natural gas distribution businesses filed a joint petition for approval of their proposed unified depreciation rates with the Maryland PSC. The outcome of the filing is subject to review by the Maryland PSC which is expected to be completed in the third quarter of 2024.

Storm Protection Plan

In 2020, the Florida PSC implemented the Storm Protection Plan ("SPP") and Storm Protection Plan Cost Recovery Clause ("SPPCRC"), which require electric utilities to petition the Florida PSC for approval of a Transmission and Distribution Storm Protection Plan that covers the utility’s immediate 10-year planning period with updates to the plan at least every 3 years. The SPPCRC rules allow the utility to file for recovery of associated costs related to its SPP. Our Florida electric distribution operation's SPP and SPPCRC were filed during the first quarter of 2022 and approved in the fourth quarter of 2022, with modifications, by the Florida PSC. For the three months ended March 31, 2024, this initiative generated additional adjusted gross margin of $0.4 million, and is expected to generate $2.4 million of adjusted gross margin in 2024 and $4.0 million in 2025. We expect continued investment under the SPP going forward.

Other Major Factors Influencing Adjusted Gross Margin

Weather Impact

For the first quarter of 2024, higher consumption driven primarily by weather resulted in a $1.9 million increase in adjusted gross margin compared to the same period in 2023. While temperatures were colder than the prior-year period, they were approximately 11.7 percent and 10.3 percent warmer, respectively, compared to normal temperatures in our Delmarva and Ohio service territories. Assuming normal temperatures, as detailed below, we estimate that operating income would have been higher by approximately $1.5 million, or $0.05 per share. The following table summarizes HDD and CDD variances from the 10-year average HDD/CDD ("Normal") for the three months ended March 31, 2024 and 2023.

	Three Months Ended March 31,		
	2024	**2023**	**Variance**
Delmarva Peninsula			
Actual HDD	**1,962**	1,774	188
10-Year Average HDD ("Normal")	**2,221**	2,285	(64)
Variance from Normal	**(259)**	(511)	
Florida			
Actual HDD	**470**	344	126
10-Year Average HDD ("Normal")	**470**	505	(35)
Variance from Normal	**—**	(161)	
Ohio			
Actual HDD	**2,659**	2,384	275
10-Year Average HDD ("Normal")	**2,965**	2,965	—
Variance from Normal	**(306)**	(581)	
Florida			
Actual CDD	**181**	323	(142)
10-Year Average CDD ("Normal")	**217**	192	25
Variance from Normal	**(36)**	131	

Natural Gas Distribution Growth

The average number of residential customers served on the Delmarva Peninsula and our legacy Florida Natural Gas distribution business increased by approximately 4.2 percent and 3.6 percent, respectively, for the three months ended March 31, 2024.

The details of the adjusted gross margin increase are provided in the following table:

	Adjusted Gross Margin	
	For the Three Months Ended March 31, 2024	
(in thousands)	**Delmarva Peninsula**	**Florida**
Customer Growth:		
Residential	$ 490	$ 880
Commercial and industrial	156	390
Total Customer Growth [1]	**$ 646**	**$ 1,270**

[1] Customer growth amounts for our legacy Florida operations include the effects of revised rates associated with the Company's natural gas base rate proceeding, but exclude the effects of FCG.

Regulated Energy Segment

For the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease)
(in thousands)			
Revenue	**$ 168,426**	$ 142,270	$ 26,156
Regulated natural gas and electric costs	**49,918**	55,288	(5,370)
Adjusted gross margin [1]	**118,508**	86,982	31,526
Operations & maintenance	**38,959**	30,336	8,623
Depreciation & amortization	**12,537**	12,952	(415)
FCG transaction and transition-related expenses [2]	**921**	—	921
Other taxes	**7,982**	6,069	1,913
Total operating expenses	**60,399**	49,357	11,042
Operating income	**$ 58,109**	$ 37,625	$ 20,484

[1] Adjusted Gross Margin is a non-GAAP measure utilized by Management to review business unit performance. For a more detailed discussion on the differences between Gross Margin (GAAP) and Adjusted Gross Margin, see the Reconciliation of GAAP to Non-GAAP Measures presented above.

[2] Transaction and transition-related expenses represent costs incurred attributable to the acquisition and integration of FCG including, but not limited to, transition services, consulting, system integration, rebranding and legal fees.

Operating income for the Regulated Energy segment for the first quarter of 2024 was $58.1 million, an increase of $20.5 million, or 54.4 percent, over the same period in 2023. Excluding transaction and transition-related expenses associated with the acquisition and integration of FCG, operating income increased $21.4 million or 56.9 percent compared to the same period in 2023. Higher operating income reflects incremental contributions from FCG, organic growth in our natural gas distribution businesses and continued pipeline expansion projects, and incremental contributions associated with regulatory initiatives. Excluding the transaction and transition-related expenses described above, operating expenses increased by $10.1 million. Increases in depreciation and amortization expense attributable to growth projects and FCG were partially offset by reductions related to revised depreciation rates in the Company's electric depreciation study filing and a $3.4 million RSAM adjustment from FCG.

Items contributing to the quarter-over-quarter increase in adjusted gross margin are listed in the following table:

(in thousands)	
Contribution from FCG	$ 24,959
Natural gas growth including conversions (excluding service expansions)	1,916
Natural gas transmission service expansions	1,622
Rate changes associated with the Florida natural gas base rate proceeding [1]	1,498
Contributions from regulated infrastructure programs	1,278
Other variances	253
Quarter-over-quarter increase in adjusted gross margin	**$ 31,526**

[1] Includes adjusted gross margin contributions from permanent base rates that became effective in March 2023.

The following narrative discussion provides further detail and analysis of the significant items in the foregoing table.

Contribution from Acquisition of FCG
FCG contributed adjusted gross margin of $25.0 million for the three months ended March 31, 2024.

Natural Gas Distribution Customer Growth
We generated additional adjusted gross margin of $1.9 million from natural gas customer growth. Adjusted gross margin increased by $1.3 million for our Florida Natural Gas distribution business and $0.6 million on the Delmarva Peninsula for the three months ended March 31, 2024, as compared to the same period in 2023, due primarily to residential customer growth of 3.6 percent and 4.2 percent in Florida and on the Delmarva Peninsula, respectively, as well as commercial and industrial growth in Florida.

Natural Gas Transmission Service Expansions
We generated increased adjusted gross margin of $1.6 million for the three months ended March 31, 2024 from natural gas transmission service expansions of Peninsula Pipeline and Eastern Shore.

Rate Changes Associated with the Florida Natural Gas Base Rate Proceeding
Permanent rates associated with the Florida Natural Gas base rate proceeding, effective on March 1, 2023, contributed additional adjusted gross margin of $1.5 million for the three months ended March 31, 2024. Refer to Note 5, *Rates and Other Regulatory Activities*, in the condensed consolidated financial statements for additional information.

Contributions from Regulated Infrastructure Programs
Contributions from regulated infrastructure programs generated incremental adjusted gross margin of $1.3 million in the first quarter of 2024. The increase in adjusted gross margin was primarily related to FPU Electric's storm protection plan, Florida's GUARD program and Eastern Shore's capital surcharge program. Refer to Note 5, *Rates and Other Regulatory Activities*, in the condensed consolidated financial statements for additional information.

Operating Expenses
Items contributing to the quarter-over-quarter increase in operating expenses are listed in the following table:

(in thousands)		
FCG operating expenses	$	10,413
FCG transaction and transition-related expenses [1]		921
Other variances		(292)
Quarter-over-quarter increase in operating expenses	**$**	**11,042**

[1] Transaction and transition-related expenses represent costs incurred attributable to the acquisition and integration of FCG including, but not limited to, transition services, consulting, system integration, rebranding and legal fees.

Unregulated Energy Segment

For the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023:

	Three Months Ended March 31,		Increase
(in thousands)	2024	2023	(Decrease)
Revenue	**$ 83,103**	$ 83,165	$ (62)
Unregulated propane and natural gas costs	**37,054**	40,571	(3,517)
Adjusted gross margin [1]	**46,049**	42,594	3,455
Operations & maintenance	**18,578**	19,614	(1,036)
Depreciation & amortization	**4,481**	4,234	247
Other taxes	**1,561**	1,501	60
Total operating expenses	**24,620**	25,349	(729)
Operating Income	**$ 21,429**	$ 17,245	$ 4,184

[1] Adjusted Gross Margin is a non-GAAP measure utilized by Management to review business unit performance. For a more detailed discussion on the differences between Gross Margin (GAAP) and Adjusted Gross Margin, see the Reconciliation of GAAP to Non-GAAP Measures presented above.

Operating results for the Unregulated Energy segment for the first quarter of 2024 reflect a $4.2 million improvement compared to the same period in 2023. Adjusted gross margin in the Unregulated Energy segment during the first quarter increased due to increased propane usage and higher propane margins and fees, as well as increased rate margins and customer consumption at Aspire. Additionally, we experienced decreased operating expenses associated with lower employee costs, which was partially offset by increased depreciation and property taxes.

Items contributing to the quarter-over-quarter increase in adjusted gross margin are listed in the following table:

(in thousands)	
Propane Operations	
Increased propane customer consumption	$ 1,388
Increased propane margins and service fees	559
Contributions from acquisition	438
Aspire Energy	
Increased margins - rate changes and gathering fees	938
Increased customer consumption	309
Other variances	(177)
Quarter-over-quarter increase in adjusted gross margin	**$ 3,455**

The following narrative discussion provides further detail and analysis of the significant items in the foregoing table.

Propane Operations

- *Propane customer consumption -* Adjusted gross margin increased by $1.4 million due to increased customer consumption due to colder weather during the first three months of the year compared to the first quarter 2023.
- *Increased propane margins and service fees -* Adjusted gross margin increased by $0.6 million for the three months ended March 31, 2024, mainly due to increased margins and customer service fees. These market conditions, which include market pricing and competition with other propane suppliers, as well as the availability and price of alternative energy sources, may fluctuate based on changes in demand, supply and other energy commodity prices.
- *Contributions from acquisition -* Adjusted gross margin increased by $0.4 million from the acquisition of J.T. Lee and Son's that was completed in December 2023.

Aspire Energy

- *Increased rate margins -* Adjusted gross margin increased by $0.9 million primarily due to favorable rate changes and increased gathering charges associated with a large commercial customer.
- *Increased Customer Consumption -* Adjusted gross margin increased by $0.3 million due to increased customer

consumption compared to the same period in the prior year primarily related to colder weather in the Ohio region during the first quarter of 2024.

Operating Expenses

Items contributing to the quarter-over-quarter decrease in operating expenses are listed in the following table:

(in thousands)		
Decreased payroll, benefits and other employee-related expenses	$	(1,177)
Increased depreciation, amortization and property tax costs		333
Other variances		115
Quarter-over-quarter decrease in operating expenses	**$**	**(729)**

OTHER INCOME, NET

For the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023

Other income, net, which includes non-operating investment income, interest income, late fees charged to customers, gains or losses from the sale of assets and pension and other benefits expense, was $0.2 million in the first quarter of 2024 compared to $0.3 million during the prior-year period.

INTEREST CHARGES

For the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023

Interest charges for the three months ended March 31, 2024 increased by $9.8 million compared to the same period in 2023, attributable primarily to the Senior Notes issued in November 2023 in connection with the FCG acquisition. These factors were partially offset by higher capitalized interest during the current period of $0.5 million associated with capital projects. The weighted-average interest rate on our Revolver borrowings was 5.8 percent during the quarter ended March 31, 2024 compared to 5.2 percent during the prior-year period as a result of the Federal Reserve raising interest rates throughout 2023.

INCOME TAXES

For the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023

Income tax expense was $16.6 million and $11.6 million for the quarters ended March 31, 2024 and March 31, 2023, respectively, resulting in an effective income tax rate of 26.4 percent and 24.2 percent, respectively, during the periods then ended. Income tax expense for the quarter ended March 31, 2023 included a $1.3 million benefit in deferred tax expense resulting from a reduction in the Pennsylvania state income tax rate. Excluding this change, our effective income tax rate was 26.9 percent for the quarter ended March 31, 2023.

Financial Position, Liquidity and Capital Resources

Our capital requirements reflect the capital-intensive and seasonal nature of our business and are principally attributable to investment in new plant and equipment, retirement of outstanding debt and seasonal variability in working capital. We rely on cash generated from operations, short-term borrowings, and other sources to meet normal working capital requirements and to temporarily finance capital expenditures. We may also issue long-term debt and equity to fund capital expenditures and to maintain our capital structure within our target capital structure range. We maintain an effective shelf registration statements with the SEC for the issuance of shares of common stock in various types of equity offerings, including the DRIP and previously, shares of common stock under an ATM equity program. Depending on our capital needs and subject to market conditions, in addition to other possible debt and equity offerings, we may consider issuing additional shares under the direct share purchase component of the DRIP and/or under an ATM equity program.

Our energy businesses are weather-sensitive and seasonal. We normally generate a large portion of our annual net income and subsequent increases in our accounts receivable in the first and fourth quarters of each year due to significant volumes of natural gas, electricity, and propane delivered by our distribution operations, and our natural gas transmission operations to customers during the peak-heating season. In addition, our natural gas and propane inventories, which usually peak in the fall months, are largely drawn down in the heating season and provide a source of cash as the inventory is used to satisfy winter sales demand.

Capital expenditures for investments in new or acquired plant and equipment are our largest capital requirements. Our capital expenditures were $70.6 million for the three months ended March 31, 2024. In the table below, we have provided the range of our forecasted capital expenditures for 2024:

	2024	
(in thousands)	**Low**	**High**
Regulated Energy:		
Natural gas distribution	$ 150,000	$ 170,000
Natural gas transmission	90,000	120,000
Electric distribution	25,000	28,000
Total Regulated Energy	265,000	318,000
Unregulated Energy:		
Propane distribution	13,000	15,000
Energy transmission	5,000	6,000
Other unregulated energy	13,000	15,000
Total Unregulated Energy	31,000	36,000
Other:		
Corporate and other businesses	4,000	6,000
Total 2024 Forecasted Capital Expenditures	**$ 300,000**	**$ 360,000**

The capital expenditure projection is subject to continuous review and modification. Actual capital requirements may vary from the above estimates due to a number of factors, including changing economic conditions, supply chain disruptions, capital delays that are greater than currently anticipated, customer growth in existing areas, regulation, new growth or acquisition opportunities and availability of capital and other factors discussed in Item 1A., Risk Factors, in our 2023 Annual Report on Form 10-K. Historically, actual capital expenditures have typically lagged behind the budgeted amounts. The timing of capital expenditures can vary based on delays in regulatory approvals, securing environmental approvals and other permits. The regulatory application and approval process has lengthened in the past few years, and we expect this trend to continue.

Capital Structure

We are committed to maintaining a sound capital structure and strong credit ratings. This commitment, along with adequate and timely rate relief for our regulated energy operations, is intended to ensure our ability to attract capital from outside sources at a reasonable cost, which will benefit our customers, creditors, employees and stockholders.

The following table presents our capitalization, excluding and including short-term borrowings, as of March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
(in thousands)				
Long-term debt, net of current maturities	**$ 1,185,166**	**48 %**	$ 1,187,075	49 %
Stockholders' equity	**1,280,903**	**52 %**	1,246,104	51 %
Total capitalization, excluding short-term debt	**$ 2,466,069**	**100 %**	$ 2,433,179	100 %

	March 31, 2024		December 31, 2023	
(in thousands)				
Short-term debt	**$ 170,355**	**6 %**	$ 179,853	7 %
Long-term debt, including current maturities	**1,203,677**	**46 %**	1,205,580	46 %
Stockholders' equity	**1,280,903**	**48 %**	1,246,104	47 %
Total capitalization, including short-term debt	**$ 2,654,935**	**100 %**	$ 2,631,537	100 %

Our target ratio of equity to total capitalization, including short-term borrowings, is between 50 and 60 percent. Our equity to total capitalization ratio, including short-term borrowings, was 48 percent as of March 31, 2024. We seek to align permanent financing with the in-service dates of our capital projects. We may utilize more temporary short-term debt when the financing cost is attractive as a bridge to the permanent long-term financing or if the equity markets are volatile.

In November 2023, in connection with our acquisition of FCG, we completed an equity offering resulting in the issuance of approximately 4.4 million shares of our common stock at a price per share of $82.72 (net of underwriter discounts and commissions). We received net proceeds of $366.4 million which were used to partially finance the acquisition.

During the first three months of 2024, we received net proceeds of $0.1 million under the DRIP. In 2023, there were no issuances under the DRIP.

Shelf Agreements

We have entered into Shelf Agreements with Prudential and MetLife, whom are under no obligation to purchase any unsecured debt, with terms that extend through February 2026. At March 31, 2024, a total of $255.0 million of borrowing capacity was available under these agreements.

The Uncollateralized Senior Notes set forth certain business covenants to which we are subject when any note is outstanding, including covenants that limit or restrict our ability, and the ability of our subsidiaries, to incur indebtedness, or place or permit liens and encumbrances on any of our property or the property of our subsidiaries.

Short-term Borrowings

We are authorized by our Board of Directors to borrow up to $375.0 million of short-term debt, as required. At March 31, 2024 and December 31, 2023, we had $170.4 million and $179.9 million, respectively, of short-term borrowings outstanding at a weighted average interest rate of 5.83 percent during each period. There were no borrowings outstanding under the sustainable investment sublimit of the 364-day tranche at March 31, 2024.

We have entered into several amendments to our Revolver which resulted in modifications to both tranches of the facility. The amendment in October 2023, increased our funded indebtedness ratio from 65 percent to 70 percent during the quarter in which the acquisition of FCG was consummated and the quarter subsequent to the closing of the acquisition. The amendment in August 2023 renewed the 364-day tranche of the Revolver, providing for $175.0 million of short-term debt capacity. Additionally, the amendment under the 364-day tranche prescribed that borrowings would bear interest (i) based upon SOFR, plus a 10-basis point credit spread adjustment, and an applicable margin of 1.05 percent or less, with such margin based on total indebtedness as a percentage of total capitalization or (ii) the base rate, solely at our discretion. Further, this amendment provided that borrowings under the 364-day green loan sublimit would bear interest at (i) SOFR rate plus a 10-basis point credit spread adjustment and an applicable margin of 1.00 percent or less, with such margin based on total indebtedness as a percentage of total capitalization or (ii) the base rate plus 0.05 percent or less, solely at our discretion. The amendment entered into in 2022 reset the benchmark interest rate to SOFR and eliminated a previous covenant which capped our investment limit to $150.0 million for investments where we maintain less than 50 percent ownership.

The 364-day tranche of the Revolver expires in August 2024 and the five-year tranche expires in August 2026. Borrowings under both tranches of the Revolver are subject to a pricing grid, including the commitment fee and the interest rate charged based upon our total indebtedness to total capitalization ratio for the prior quarter. As of March 31, 2024, the pricing under the 364-day tranche of the Revolver included an unused commitment fee of 10 basis points and maintains an interest rate of 80 basis points over SOFR plus a 10-basis point SOFR adjustment. As of March 31, 2024, the pricing under the five-year tranche of the Revolver included a commitment fee of 10-basis points on undrawn amounts and an interest rate of 100 basis points over SOFR plus a 10-basis point SOFR adjustment.

The availability of funds under the Revolver is subject to conditions specified in the credit agreement, all of which we currently satisfy. These conditions include our compliance with financial covenants and the continued accuracy of representations and warranties contained in the Revolver's loan documents. We are required by the financial covenants in the Revolver to maintain, at the end of each fiscal year, a funded indebtedness ratio as described above. As of March 31, 2024, we were in compliance with this covenant.

Our total available credit under the Revolver at March 31, 2024 was $197.6 million. As of March 31, 2024, we had issued $7.0 million in letters of credit to various counterparties under the Revolver. These letters of credit are not included in the outstanding short-term borrowings and we do not anticipate that they will be drawn upon by the counterparties. The letters of credit reduce the available borrowings under the Revolver.

In connection with our acquisition of FCG, we entered into a 364-day Bridge Facility commitment with Barclays Bank PLC and other lending parties for up to $965.0 million. Upon closing of the FCG acquisition in November 2023, and with the completion of other financing activities as defined in the lending agreement, this facility was terminated with no funds drawn to finance the transaction. For additional information regarding the acquisition and related financing, see Note 3, *Acquisitions,* Note 9, *Stockholders Equity*, and Note 14, *Long-Term Debt.*

For additional information on interest rate swaps related to our short-term borrowings, see Note 12, *Derivative Instruments*.

Long-Term Debt

On November 20, 2023, we issued Senior Notes in the aggregate principal amount of $550.0 million at an average interest rate of 6.54 percent that were used to partially finance our acquisition of FCG which closed during the fourth quarter of 2023. These notes have varying maturity dates of between three and 15 years, and the outstanding principal balance of the notes will be due on their respective maturity dates with interest payments payable semiannually until the principal has been paid in full. These Senior Notes have similar covenants and default provisions as our other Senior Notes.

On March 14, 2023 we issued 5.43 percent Senior Notes due in March 2038 in the aggregate principal amount of $80.0 million and used the proceeds received from the issuances of the Senior Notes to reduce short-term borrowings under our Revolver credit facility and to fund capital expenditures. These Senior Notes have similar covenants and default provisions as our other Senior Notes, and have an annual principal payment beginning in the sixth year after the issuance.

Cash Flows

The following table provides a summary of our operating, investing and financing cash flows for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net cash provided by (used in):		
Operating activities	**$ 97,282**	$ 81,667
Investing activities	**(74,711)**	(42,654)
Financing activities	**(25,780)**	(42,152)
Net (decrease) increase in cash and cash equivalents	**(3,209)**	(3,139)
Cash and cash equivalents—beginning of period	**4,904**	6,204
Cash and cash equivalents—end of period	**$ 1,695**	$ 3,065

Cash Flows Provided by Operating Activities

Changes in our cash flows from operating activities are attributable primarily to changes in net income, adjusted for non-cash items such as depreciation and amortization, changes in deferred income taxes, share-based compensation expense and working capital. Working capital requirements are determined by a variety of factors, including weather, the prices of natural gas, electricity and propane, the timing of customer collections, payments for purchases of natural gas, electricity and propane, and deferred fuel cost recoveries.

During the three months ended March 31, 2024, net cash provided by operating activities was $97.3 million. Operating cash flows were primarily impacted by the following:

- Net income, adjusted for non-cash adjustments, provided a $66.5 million source of cash;
- Changes in net regulatory assets and liabilities due primarily to the change in fuel costs collected through the various cost recovery mechanisms resulted in a $10.1 million source of cash;
- An increased level of deferred taxes associated with incremental tax depreciation from growth investments resulted in a source of cash of $11.9 million; and
- Other working capital changes, impacted primarily by a reduction in net receivables and propane inventory levels, resulted in a $8.8 million source of cash.

Cash Flows Used in Investing Activities

Net cash used in investing activities totaled $74.7 million during the three months ended March 31, 2024, largely driven by $75.5 million for new capital expenditures.

Cash Flows Used in Financing Activities

Net cash used in financing activities totaled $25.8 million during the three months ended March 31, 2024 and included the following:

- A $12.9 million use of cash for dividend payments in 2024;
- Net repayments under lines of credit resulting in a use of cash of $10.2 million; and
- Long-term debt repayments of $2.0 million.

Off-Balance Sheet Arrangements

The Board of Directors has authorized us to issue corporate guarantees securing obligations of our subsidiaries and to obtain letters of credit securing our subsidiaries' obligations. The maximum authorized liability under such guarantees and letters of credit as of March 31, 2024 was $35.0 million. The aggregate amount guaranteed related to our subsidiaries at March 31, 2024 was $24.4 million, with the guarantees expiring on various dates through March 2025. In addition, the Board has authorized us to issue specific purpose corporate guarantees. The amount of specific purpose guarantees outstanding at March 31, 2024 was $4.0 million.

As of March 31, 2024, we have issued letters of credit totaling approximately $7.0 million related to the electric transmission services for FPU's electric division, the firm transportation service agreement between TETLP and our Delaware and Maryland divisions, the capacity agreement between NEXUS and Aspire, the storage agreement between Bay Gas Storage Company and

FCG as well as our primary insurance carriers. These letters of credit have various expiration dates through February 2025 and to date, none have been used. We do not anticipate that the counterparties will draw upon these letters of credit and we expect that they will be renewed to the extent necessary in the future. Additional information is presented in Note 7*, Other Commitments and Contingencies,* in the condensed consolidated financial statements.

Contractual Obligations

There has been no material change in the contractual obligations presented in our 2023 Annual Report on Form 10-K.

Rates and Regulatory Matters

Our natural gas distribution operations in Delaware, Maryland and Florida and electric distribution operation in Florida are subject to regulation by the respective state PSC; Eastern Shore is subject to regulation by the FERC; and Peninsula Pipeline and Aspire Energy Express, our intrastate pipeline subsidiaries, are subject to regulation (excluding cost of service) by the Florida PSC and Public Utilities Commission of Ohio, respectively. We regularly are involved in regulatory matters in each of the jurisdictions in which we operate. Our significant regulatory matters are fully described in Note 5*, Rates and Other Regulatory Activities*, to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Recent Authoritative Pronouncements on Financial Reporting and Accounting

Recent accounting developments, applicable to us, and their expected impact on our financial position, results of operations and cash flows, are described in Note 1*, Summary of Accounting Policies*, to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

INTEREST RATE RISK

Long-term debt is subject to potential losses based on changes in interest rates. We evaluate whether to refinance existing debt or permanently refinance existing short-term borrowings based in part on the fluctuation in interest rates. Increases in interest rates expose us to potential increased costs we could incur when we (i) issue new debt instruments or (ii) provide financing and liquidity for our business activities. We utilize interest rate swap agreements to mitigate short-term borrowing rate risk. Additional information about our long-term debt and short-term borrowing is disclosed in Note 14, *Long-Term Debt,* and Note 15, *Short-Term Borrowings*, respectively, in the condensed consolidated financial statements.

COMMODITY PRICE RISK

Regulated Energy Segment

We have entered into agreements with various wholesale suppliers to purchase natural gas and electricity for resale to our customers. Our regulated energy distribution businesses that sell natural gas or electricity to end-use customers have fuel cost recovery mechanisms authorized by the respective PSCs that allow us to recover all of the costs prudently incurred in purchasing natural gas and electricity for our customers. Therefore, our regulated energy distribution operations have limited commodity price risk exposure.

Unregulated Energy Segment

Our propane operations are exposed to commodity price risk as a result of the competitive nature of retail pricing offered to our customers. In order to mitigate this risk, we utilize propane storage activities and forward contracts for supply.

We can store up to approximately 8.8 million gallons of propane (including leased storage and rail cars) during the winter season to meet our customers' peak requirements and to serve metered customers. Decreases in the wholesale price of propane may cause the value of stored propane to decline, particularly if we utilize fixed price forward contracts for supply. To mitigate the risk of propane commodity price fluctuations on the inventory valuation, we have adopted a Risk Management Policy that allows our propane distribution operation to enter into fair value hedges, cash flow hedges or other economic hedges of our inventory.

Aspire Energy is exposed to commodity price risk, primarily during the winter season, to the extent we are not successful in balancing our natural gas purchases and sales and have to secure natural gas from alternative sources at higher spot prices. In order to mitigate this risk, we procure firm capacity that meets our estimated volume requirements and we continue to seek out new producers in order to fulfill our natural gas purchase requirements.

The following table reflects the changes in the fair market value of financial derivatives contracts related to propane purchases and sales from December 31, 2023 to March 31, 2024:

(in thousands)	Balance at December 31, 2023	Increase in Fair Market Value	Less Amounts Settled	Balance at March 31, 2024
Sharp	$ (376)	$ 1,975	$ (1,084)	**$ 515**

There were no changes in methods of valuations during the three months ended March 31, 2024.

The following is a summary of fair market value of financial derivatives as of March 31, 2024, by method of valuation and by maturity for each fiscal year period.

(in thousands)	2024	2025	2026	Total Fair Value
Price based on Mont Belvieu - Sharp	$ 291	$ 194	$ 30	$ 515

WHOLESALE CREDIT RISK

The Risk Management Committee reviews credit risks associated with counterparties to commodity derivative contracts prior to such contracts being approved.

Additional information about our derivative instruments is disclosed in Note 12, *Derivative Instruments,* in the condensed consolidated financial statements.

INFLATION

Inflation affects the cost of supply, labor, products and services required for operations, maintenance and capital improvements. To help cope with the effects of inflation on our capital investments and returns, we periodically seek rate increases from regulatory commissions for our regulated operations and closely monitor the returns of our unregulated energy business operations. To compensate for fluctuations in propane gas prices, we adjust propane sales prices to the extent allowed by the market.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of Chesapeake Utilities, with the participation of other Company officials, have evaluated our "disclosure controls and procedures" (as such term is defined under Rules 13a-15(e) and 15d-15(e), promulgated under the Securities Exchange Act of 1934, as amended) as of March 31, 2024. Based upon their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2024, other than the ongoing changes resulting from the FCG acquisition discussed below, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On November 30, 2023, we completed the acquisition of FCG. We are currently integrating processes, procedures, and internal controls related to the acquisition. FCG's total assets and income before taxes represented approximately 30.8 percent and 8.9 percent, respectively, of the Company's consolidated total assets and earnings before taxes as of March 31, 2024 and for the quarter then ended. See Note 4, *Acquisitions*, to the consolidated financial statements and Management's Report on Internal Control Over Financial Reporting in the Company's 2023 Annual Report on Form 10-K for additional information related to the acquisition of FCG. This exclusion is permitted based upon current guidance of the U.S. Securities & Exchange Commission.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in Note 7*, Other Commitments and Contingencies*, of the condensed consolidated financial statements in this Quarterly Report on Form 10-Q, we are involved in certain legal actions and claims arising in the normal course of business. We are also involved in certain legal and administrative proceedings before various governmental or regulatory agencies concerning rates and other regulatory actions. In the opinion of management, the ultimate disposition of these proceedings and claims will not have a material effect on our condensed consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

Our business, operations, and financial condition are subject to various risks and uncertainties. The risk factors described in Part I, Item 1A., Risk Factors, in our Annual Report on Form 10-K, for the year ended December 31, 2023, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings with the SEC in connection with evaluating Chesapeake Utilities, our business and the forward-looking statements contained in this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Company Purchases of Equity Securities

Share repurchases during the three months ended March 31, 2024 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs [2]
January 1, 2024 through January 31, 2024 [1]	**600**	**$ 105.84**	—	—
February 1, 2024 through February 29, 2024	**—**	**—**	**—**	**—**
March 1, 2024 through March 31, 2024	**—**	**—**	**—**	**—**
Total	**600**	**$ 105.84**	**—**	**—**

[1] Chesapeake Utilities purchased shares of common stock on the open market for the purpose of reinvesting the dividend on shares held in the Rabbi Trust accounts for certain directors and senior executives under the Non-Qualified Deferred Compensation Plan. The Non-Qualified Deferred Compensation Plan is discussed in detail in Item 8 under the heading "Notes to the Consolidated Financial Statements—Note 16*, Employee Benefit Plans,*" in our latest Annual Report on Form 10-K for the year ended December 31, 2023.

[2] Except for the purposes described in Footnote (1), Chesapeake Utilities has no publicly announced plans or programs to repurchase its shares.

Item 3. Defaults upon Senior Securities

None.

Item 5. Other Information

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Table of Contents

Item 6. Exhibits

10.1*	Form of Performance Share Agreement dated February 2 0, 2024 for the period 2024-2026, pursuant to Chesapeake Utilities Corporation 2023 Stock and Incentive Compensation Plan by and between Chesapeake Utilities Corporation and each of Jeffry M. Householder, Beth W. Cooper, James F. Moriarty, Kevin Webber and Jeffrey S. Sylvester is filed herewith.
31.1*	Certificate of Chief Executive Officer of Chesapeake Utilities Corporation pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certificate of Chief Financial Officer of Chesapeake Utilities Corporation pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1*	Certificate of Chief Executive Officer of Chesapeake Utilities Corporation pursuant to 18 U.S.C. Section 1350.
32.2*	Certificate of Chief Financial Officer of Chesapeake Utilities Corporation pursuant to 18 U.S.C. Section 1350.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHESAPEAKE UTILITIES CORPORATION

/S/ BETH W. COOPER

Beth W. Cooper
Executive Vice President, Chief Financial Officer, Treasurer and
Assistant Corporate Secretary

Date: May 8, 2024

PERFORMANCE STOCK AWARD AGREEMENT

pursuant to the

CHESAPEAKE UTILITIES CORPORATION
2023 STOCK AND INCENTIVE COMPENSATION PLAN

On February 20, 2024 (the "Grant Date"), Chesapeake Utilities Corporation, a Delaware corporation (the "Company"), has granted to __________ (the "Grantee"), who resides at ______________**,** a Performance Stock Award on the terms and subject to the conditions of this Performance Stock Award Agreement.

Recitals

WHEREAS, the Chesapeake Utilities Corporation 2023 Stock and Incentive Compensation Plan (the "Plan") has been duly adopted by action of the Company's Board of Directors (the "Board") on February 22, 2023, subject to the approval by the Company's stockholders at a meeting held on May 3, 2023; and

WHEREAS, the Committee of the Board of Directors of the Company referred to in the Plan (the "Committee") has determined that it is in the best interests of the Company to grant the Performance Stock Award described herein pursuant to the Plan; and

WHEREAS, the shares of the Common Stock of the Company ("Shares") that are subject to this Agreement, when added to the other shares of Common Stock that are subject to awards granted under the Plan, do not exceed the total number of shares of Common Stock with respect to which awards are authorized to be granted under the Plan or the total number of shares of Common Stock that may be granted to an individual in a single calendar year.

Agreement

It is hereby covenanted and agreed by and between the Company and the Grantee as follows:

Section 1. Performance Stock Award and Performance Period

The Company hereby grants to the Grantee a Performance Stock Award as of the Grant Date. As more fully described herein, the Grantee may earn up to ______ Shares upon the Company's achievement of the performance criteria set forth in Section 2 (the "Performance Shares") over the performance period from **January 1, 2024 to December 31, 2026** (the "Performance Period"). This Award has been granted pursuant to the Plan; capitalized terms used in this agreement which are not specifically defined herein shall have the meanings ascribed to such terms in the Plan.

Section 2. Performance Criteria and Terms of Stock Award

(1) The Committee selected and established in writing performance criteria for the Performance Period, which, if met, may entitle the Grantee to some or all of the Performance Shares under this Award. As soon as practicable after the Company's independent auditors have certified the Company's financial statements for each fiscal year of the Company in the Performance Period, the Committee shall determine for purposes of this Agreement the Company's (1) growth in long-term earnings, defined as the growth in total capital expenditures as a percentage

of total capitalization (“Growth”) and (2) earnings performance, defined as average return on equity (“RoE”) and calculated as net income as a percentage of stockholders’ equity, in accordance with procedures established by the Committee. The Growth and RoE (each a “Performance Metric” and collectively, the “Performance Metrics”) shall be determined by the Committee in accordance with the terms of the Plan and this Agreement based on financial results reported to stockholders in the Company’s annual reports and may be subject to adjustment by the Committee for extraordinary events during the Performance Period, as applicable. Both the Growth and RoE Performance Metrics will be compared to the performance of the **2024-2026** Performance Peer Group, shown at Attachment A hereto, and to the **2024-2026** Long-Term Award Resolution (collectively referred to as the “Peer Group”), for the Performance Period. The Company’s performance shall be compared to the Performance Peer Group to determine the percentile ranking and level of payout as shown at Attachment B. For the RoE Performance Metric, the Company is required to achieve a RoE of at least eight (8) percent. Additionally, once the Performance Metrics are calculated, such results are subject to the Total Stockholder Return Modifier, set forth at Attachment B hereto, to determine the final Performance Shares to be issued. In no event can the Modifier result in the final Performance Shares exceeding the Performance Shares set forth in Section 1 above. For the Total Stockholder Return Modifier, the calculation of total stockholder return will utilize the average closing stock price of the Common Stock of the Company from November 1 through December 31 immediately preceding the beginning and at the end of the Performance Period. At the end of the Performance Period, the Committee shall certify the extent to which the Performance Metrics were met during the Performance Period, considering the schedule in subsection (b) below.

(2) The Grantee may earn 50% percent or more of the target award of _________ Performance Shares (the “Target Award”) up to a maximum number of Performance Shares set forth in Section 1 above (the “Maximum Award”) based upon achievement of threshold and target levels of performance against the Performance Metrics established for the Performance Period and factoring in any impact of the Modifier. The Committee shall confirm the Performance Shares earned for the Performance Period after the Company’s independent auditors have certified the Company’s financial statements for each fiscal year of the Company in the Performance Period. If the Performance Metrics for the Performance Period are met, the Grantee shall be entitled to the associated Performance Shares, subject, however, to the Committee’s exercise of discretion to adjust this Award (either up or down) based on business outcomes and objectives established for the Grantee or any other factors, all as determined by the Committee in its sole discretion. The Committee shall promptly notify the Grantee of its determination.

(c) Once established, the Performance Metrics identified above normally shall not be changed during the Performance Period. However, if any of the companies in the Peer Group cease to be publicly traded, they will automatically be deleted from the Peer Group. In addition, the Committee reserves the right, in its discretion, to approve any such other adjustments to this Award and the Performance Shares, including, but not limited to, the establishment and evaluation of the Performance Criteria, the Target Award, or the Maximum Award as provided in the Plan..

(d) Performance Shares that are awarded to the Grantee pursuant to this Section 2 shall be issued promptly, without payment of consideration by the Grantee, within 2½ months of the end of the Performance Period. The Grantee shall have the right to vote the Performance Shares and to receive the dividends distributable with respect to such Shares on and after, but not before, the date on which the Grantee is recorded on the Company's ledger as holder of record of the Performance Shares (the “Issue Date”). If, however, the Grantee receives Shares as part of any dividend or other distribution with respect to the Performance Shares, such Shares shall be treated as if they are Performance Shares, and such Shares shall be subject to all of the terms and conditions imposed by this Section 2. Notwithstanding the foregoing, the Grantee shall be entitled to receive an amount in cash, equivalent to the dividends that would have been paid on the awarded

Performance Shares from the Grant Date to the Issue Date for those Performance Shares actually earned by the Grantee during the applicable Performance Period. Such dividend equivalents shall be payable at the time such Performance Shares are issued.

(e) The Performance Shares will not be registered for resale under the Securities Act of 1933 or the laws of any state except when and to the extent determined by the Board pursuant to a resolution. Until a registration statement is filed and becomes effective, however, transfer of the Performance Shares shall require the availability of an exemption from such registration, and prior to the issuance of new certificates, the Company shall be entitled to take such measures as it deems appropriate (including but not limited to obtaining from the Grantee an investment representation letter and/or further legending the new certificates) to ensure that the Performance Shares are not transferred in the absence of such exemption.

(f) In the event of a Change in Control[1], as defined in the Plan, during the Performance Period, the Grantee shall earn the Target Award of Performance Shares set forth in this Section 2, as if all performance criteria were satisfied, without any pro ration based on the portion of the Performance Period that has expired as of the date of such Change in Control.

(g) If, during the Performance Period, the Grantee has a Termination of Employment, Performance Shares shall be deemed earned or forfeited as follows:

(1) Except as provided in Section (2), below, upon voluntary Termination of Employment by the Grantee or termination by the Company for any reason, all unearned Performance Shares shall be forfeited immediately; and

(2) If the Grantee has a Termination of Employment by reason of death or Disability or Retirement (as such terms are defined in the Plan), the number of Performance Shares that would otherwise have been earned at the end of the Performance Period shall be reduced by pro rating such Performance Shares based on the proportion of the Performance Period during which the Grantee was employed by the Company (based upon the full months of the Performance Period elapsed as of the end of the month in which the Termination of Employment occurred over the total number of months in the Performance Period), unless the Committee determines that the Performance Shares shall not be so reduced.

(8) The Grantee shall be solely responsible for any federal, state and local taxes of any kind imposed in connection with the vesting or delivery of the Performance Shares. Prior to the transfer of any Performance Shares to the Grantee, the Grantee shall remit to the Company an amount sufficient to satisfy any federal, state, local and other withholding tax requirements. The Grantee may elect to have all or part of any withholding tax obligation satisfied by having the Company withhold Shares otherwise deliverable to the Grantee as Performance Shares, unless the Committee determines otherwise by resolution. If the Grantee fails to make such payments or election, the Company and its subsidiaries shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to the Grantee any taxes required by law to be withheld with respect to the Performance Shares. In the case of any amounts withheld for taxes pursuant to this provision in the form of Shares, the amount withheld shall not exceed the maximum required by applicable law and regulations.

(i) Notwithstanding any other provision of this Agreement, if any payment or distribution (a "Payment") by the Company or any other person or entity to or for the benefit of the Grantee is

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determined to be an "excess parachute payment" (within the meaning of Code Section 280G(b)(1) or any successor provision of similar effect), whether paid or payable or distributed or distributable pursuant to this Agreement or otherwise, then the Grantee’s benefits under this Agreement may, unless the Grantee elects otherwise pursuant to Grantee’s employment agreement, be reduced by the amount necessary so that the Grantee’s total "parachute payment" as defined in Code Section 280G(b)(2)(A) under this and all other agreements will be $1.00 less than the amount that would be a "parachute payment". The payment of any “excess parachute payment” pursuant to this paragraph shall also comply with the terms of the Grantee’s employment agreement, if any.

Section 3. Additional Conditions to Issuance of Shares

Each transfer of Performance Shares shall be subject to the condition that if at any time the Committee shall determine, in its sole discretion, that it is necessary or desirable as a condition of, or in connection with, the transfer of Performance Shares (i) to satisfy withholding tax or other withholding liabilities, (ii) to effect the listing, registration or qualification on any securities exchange or under any state or federal law of any Shares deliverable in connection with such exercise, or (iii) to obtain the consent or approval of any regulatory body, then in any such event such transfer shall not be effective unless such withholding, listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

Section 4. Adjustment of Shares

(a) If the Company shall become involved in a merger, consolidation or other reorganization, whether or not the Company is the surviving corporation, any right to earn Performance Shares shall be deemed a right to earn or to elect to receive the consideration into which the Shares represented by the Performance Shares would have been converted under the terms of the merger, consolidation or other reorganization. If the Company is not the surviving corporation, the surviving corporation (the “Successor”) shall succeed to the rights and obligations of the Company under this Agreement.

(b) If any subdivision or combination of Shares or any stock dividend, capital reorganization or recapitalization occurs after the adoption of the Plan, the Committee shall make such proportionate adjustments as are appropriate to the number of Performance Shares to be earned in order to prevent the dilution or enlargement of the rights of the Grantee.

Section 5. No Right to Employment

Nothing contained in this Agreement shall be deemed by implication or otherwise to confer upon the Grantee any right to continued employment by the Company or any affiliate of the Company or to limit the right of the Company to terminate the Grantee’s employment for any reason or for no reason.

Section 6. Notice

Any notice to be given hereunder by the Grantee shall be sent by mail addressed to Chesapeake Utilities Corporation, 500 Energy Lane, Dover, Delaware 19901, for the attention of the Committee, c/o the Corporate Secretary, and any notice by the Company to the Grantee shall be sent by mail addressed to the Grantee at the address of the Grantee shown on the first page hereof. Either party may, by notice given to the other in accordance with the provisions of this Section, change the address to which subsequent notices shall be sent.

Section 7. Beneficiary Designation

Grantee may designate a beneficiary to receive any Performance Shares to which Grantee is entitled which vest as a result of Grantee's death. Grantee acknowledges that the Company may exercise all rights under this Agreement and the Plan against Grantee and Grantee's estate, heirs, lineal descendants and personal representatives and shall not be limited to exercising its rights against Grantee's beneficiary.

Section 8. Assumption of Risk

It is expressly understood and agreed that the Grantee assumes all risks incident to any change hereafter in the applicable laws or regulations or incident to any change in the market value of the Performance Shares.

Section 9. Terms of Plan and Employment Agreement

This Agreement is entered into pursuant to the Plan (a summary of which has been delivered to the Grantee). This Agreement is subject to all of the terms and provisions of the Plan, which are incorporated into this Agreement by reference, and the actions taken by the Committee pursuant to the Plan. In the event of a conflict between this Agreement and the Plan, the provisions of the Plan shall govern. In addition, this Award is subject to applicable provisions of the Grantee's employment agreement, including provisions requiring the Company to recover some or all of the Performance Shares awarded hereunder in the circumstances described in such agreement or as otherwise required by applicable law. All determinations by the Committee shall be in its sole discretion and shall be binding on the Company and the Grantee.

Section 10. Governing Law; Amendment

This Agreement shall be governed by, and shall be construed and administered in accordance with, the laws of the State of Delaware (without regard to its choice of law rules) and the requirements of any applicable federal law. This Agreement may be modified or amended only by a writing signed by the parties hereto.

Section 11. Action by the Committee

The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Committee. The parties agree to be bound by the decisions of the Committee with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Committee may delegate its functions under this Agreement to an officer of the Company designated by the Committee (hereinafter the "Designee"). In fulfilling its responsibilities hereunder, the Committee or its Designee may rely upon documents, written statements of the parties or such other material as the Committee or its Designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Committee or its Designee and that any decision of the Committee or its Designee relating to this Agreement shall be final and binding unless such decision is arbitrary and capricious.

Section 12. Terms of Agreement

This Agreement shall remain in full force and effect and shall be binding on the parties hereto for so long as any Performance Shares issued to the Grantee under this Agreement continue to be held by the Grantee.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its corporate name, and the Grantee has executed the same in evidence of the Grantee's acceptance hereof, upon the terms and conditions herein set forth, as of the day and year first above written.

CHESAPEAKE UTILITIES CORPORATION

By: _____________

Printed Name:___________

Its: _____________

Grantee:

____
Printed Name:

Attachment A

2024-2026 Performance Peer Group

The 2024-2026 Performance Peer Group consists of the following gas utility companies:

1. Atmos Energy Corporation
2. Black Hills Corporation
3. New Jersey Resources Corporation
4. NiSource Inc.
5. NW Natural (a subsidiary of Northwest Natural Holding Co.)
6. Northwestern Corporation
7. ONE Gas, Inc.
8. RGC Resources, Inc.
9. Spire Inc.
10. Unitil Corporation

Attachment B

Performance Criteria

Growth – Capital Expenditures as a percentage of Total Capitalization relative to peer companies

%ile Ranking to Peer Group Payout %
.... 40-49% 50% of Award
.... 50-54% 75% of Award
.... 55-59% 100% of Award
.... 60-64% 125% of Award
.... 65-69% 150% of Award
.... 70-80% 175% of Award
> 80% 200% of Award

Earnings – Average Return on Equity relative to peer companies

%ile Ranking to Peer Group Payout %
.... 40-49% 50% of Award
.... 50-54% 75% of Award
.... 55-59% 100% of Award
.... 60-64% 125% of Award
.... 65-69% 150% of Award
.... 70-80% 175% of Award
> 80% 200% of Award

To earn above Target (100%), a threshold ROE of 8 percent must be achieved.

Relative Total Stockholder Return – Modifier

Total stockholder return is a modifier to the results of the applicable Growth and RoE Performance Metrics. It is based upon the 36 months ended December 31, 2026, with the 60-dav average price used at the beginning and end of the period (11/1/2023-12/31/2023 and 11/1/2026-12/31/2026). The Modifier is applied as follows:

TSR Modifier (+/-20%)	
CPK TSR Percentile Ranking	**TSR Modifier**
>75%	20.00%
51%-74%	0.80%-19.20%
50%	0%
26%-49%	Interpolated between: -19.20% to -0.80%
<25%	-20.00%

In no event can the Modifier result in the final Performance Shares exceeding the Performance Shares set forth in Section 1 above

Exhibit 10.1

EXHIBIT 31.1

CERTIFICATE PURSUANT TO RULE 13A-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Jeffry M. Householder, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 of Chesapeake Utilities Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ JEFFRY M. HOUSEHOLDER

Jeffry M. Householder
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATE PURSUANT TO RULE 13A-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Beth W. Cooper, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 of Chesapeake Utilities Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2024

/S/ BETH W. COOPER

Beth W. Cooper
Executive Vice President, Chief Financial Officer, Treasurer
and Assistant Corporate Secretary

EXHIBIT 32.1

Certificate of Chief Executive Officer

of

Chesapeake Utilities Corporation

(pursuant to 18 U.S.C. Section 1350)

I, Jeffry M. Householder, President and Chief Executive Officer of Chesapeake Utilities Corporation, certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Chesapeake Utilities Corporation ("Chesapeake") for the period ended March 31, 2024, filed with the Securities and Exchange Commission on the date hereof (i) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained therein fairly presents, in all material respects, the financial condition and results of operations of Chesapeake.

/s/ JEFFRY M. HOUSEHOLDER

Jeffry M. Householder

May 8, 2024

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Chesapeake Utilities Corporation and will be retained by Chesapeake Utilities Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certificate of Chief Financial Officer

of

Chesapeake Utilities Corporation

(pursuant to 18 U.S.C. Section 1350)

I, Beth W. Cooper, Executive Vice President, Chief Financial Officer, Treasurer and Assistant Corporate Secretary of Chesapeake Utilities Corporation, certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Chesapeake Utilities Corporation ("Chesapeake") for the period ended March 31, 2024, filed with the Securities and Exchange Commission on the date hereof (i) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained therein fairly presents, in all material respects, the financial condition and results of operations of Chesapeake.

/S/ BETH W. COOPER

Beth W. Cooper

May 8, 2024

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Chesapeake Utilities Corporation and will be retained by Chesapeake Utilities Corporation and furnished to the Securities and Exchange Commission or its staff upon request.