

Chesapeake Utilities Corporation Announces Florida PSC Approvals Of Purchased Power Agreements For Florida Public Utilities Company

DOVER, Del., March 4, 2015 /PRNewswire/ -- Chesapeake Utilities Corporation (NYSE: [CPK](#)) ("Chesapeake") announced today that the Florida Public Service Commission ("FPSC") has approved the Purchased Power Agreement ("PPA") signed between Chesapeake subsidiaries Florida Public Utilities Company ("FPU") and Eight Flags Energy, LLC ("Eight Flags"). Eight Flags is developing a combined heat and power plant ("CHP") in Fernandina Beach on Amelia Island in Nassau County, Florida. The plant will produce approximately 20MW of base load power, which FPU will purchase for distribution to its electric retail customers. The PPA is for a 20-year term and is expected to generate approximately \$28 million in total net present value (NPV) savings to FPU's ratepayers over the life of the PPA.

Eight Flags' combined heat and power plant, fueled by natural gas, will be built on a site leased from Rayonier Performance Fibers, LLC, a subsidiary of Rayonier Performance Materials, Inc. The plant will generate steam for sale to Rayonier Performance Fibers for use in the operation of its cellulose specialties production facility. Construction is scheduled to commence in early 2015, with commercial operation expected to commence in July 2016. The FPSC also approved the extension of an existing renewable energy power purchase contract between FPU and Rayonier Performance Fibers. Boilers at the Rayonier site currently provide steam and generate electricity used to operate the cellulose specialties production facility, and Rayonier sells the excess electricity generated to FPU. The original contract has been in place and produced savings for FPU customers for two years. The approved extension will extend the term of the original contract for an additional 14 years, from October 2022 to September 2036, generate an estimated NPV savings of \$8.2 million for FPU customers over the amended contract term and align the term of this contract with that of the PPA.

"The FPSC approvals are major milestones for Eight Flags' combined heat and power project, which will benefit our customers and Rayonier in many ways. For our Amelia Island customers, it will provide reliable environmentally friendly electricity with substantial cost savings over the life of these contracts. For Rayonier Performance Fibers, LLC, additional steam will be generated, creating greater operational flexibility for its production facility," said Michael P. McMasters, President and CEO of Chesapeake Utilities Corporation.

FPU's President, Jeffry M. Householder, added: "The savings to our customers are twofold. In addition to their electricity cost savings from the new PPA associated with the combined heat and power plant being developed, they will experience additional savings through the extension of the existing energy power purchase contract. We are pleased with the results of this joint effort with Rayonier."

About Chesapeake Utilities Corporation

Chesapeake Utilities Corporation is a diversified energy company engaged in natural gas distribution, transmission and marketing; electricity distribution; propane gas distribution and wholesale marketing; and other related services. Information about Chesapeake Utilities Corporation and the Chesapeake family of businesses is available at www.chpk.com.

About Florida Public Utilities Company

Florida Public Utilities Company is a wholly-owned subsidiary of Chesapeake Utilities

Corporation. Headquartered in West Palm Beach, Florida, FPU distributes natural gas and propane and provides electric services to approximately 100,000 customers in markets throughout Florida. For more information, visit www.fpuc.com.

About Rayonier Advanced Materials, Inc.

Rayonier Advanced Materials, Inc. is the leading global supplier of high-purity, cellulose specialties products, a natural polymer for the chemical industry. Working closely with its customers, the company engineers natural polymeric chemical chains to create dozens of customized high-purity performance fibers at its plants in Florida and Georgia. Rayonier Advanced Materials is consistently ranked among the nation's top 50 exporters and delivers products to 79 ports around the world, serving customers in 20 countries across five continents. For more information, visit www.RayonierAM.com.

Cautionary Note Regarding Forward-Looking Statements: Statements in this release that are not historical are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "expect," "likely," "outlook," "forecast," "would," "could," "should," "can," "will," "project," "intend," "plan," "goal," "target," "continue," "sustain," "believe," "seek," "estimate," "anticipate," "may," "possible," "assume," variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that could cause actual results to vary materially from those indicated, including the factors described in Item 1A (Risk Factors) of our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, each of which is incorporated herein by reference, and in other documents that we file or furnish with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, the Company does not undertake, and expressly disclaims, any duty or obligation to update publicly any forward-looking statement after the date of this release, whether as a result of new information, future events, changes in assumptions or otherwise.

For more information, contact:

Jeffrey M. Householder
President
Florida Public Utilities Company
904.261.3663
SOURCE Chesapeake Utilities Corporation