



Market Hub Services & Pipeline Expansion

Offering Pipeline Supply Solutions for the Delmarva Peninsula & Neighboring Region



OPEN SEASON NOTICE

February 7, 2018 through ~~March 30, 2018~~ APRIL 17, 2018

NOTICE: In response to requests for more specifics relating to the market hub services portion of the proposed project and to allow all interested parties additional time to perform their internal analyses, ESNG is extending its Open Season for market hub services and pipeline expansion.

Non-binding requests for capacity will now be accepted through 5 PM Eastern Standard Time on Tuesday, April 17th, 2018.



Overview

Project: Eastern Shore Natural Gas Company (“Eastern Shore”) is pleased to announce a non-binding Open Season for its Market Hub Services & Pipeline Expansion (“Project”). Eastern Shore proposes the firm transportation service capacity additions related to this Project to be phased in, with proposed in-service dates of November 1, 2020, November 1, 2021 and/or November 1, 2022.

This project will increase the capacity, deliverability, and diversity of natural gas in the region and will provide customers access to safe, secure, reliable and efficient energy solutions that are environmentally and economically smart.

Market Hub Services

Eastern Shore is proposing bi-directional upgrades to its transmission system at its existing interconnects with three major upstream pipelines - Texas Eastern Transmission, LP (“TETCo”), Transcontinental Gas Pipe Line Company, LLC (“Transco”) and Columbia Gas Transmission, LLC (“Columbia”) – in southeastern Pennsylvania. The interconnect enhancements will allow customers to source supply from interstate pipelines that are interconnected with domestically produced natural gas from the Marcellus and Utica regions. This supply diversity allows for participating shippers to take full advantage of market pricing differentials by moving natural gas between these three pipelines on an interchangeable basis.

Pipeline Expansion

Eastern Shore is proposing a multi-year pipeline expansion that permits firm transportation service capacity additions to be phased in, with proposed in-service dates of November 1, 2020, November 1, 2021 and/or November 1, 2022. The delivery areas are likely to include, but are not limited to the following counties:

Southeastern PA

Chester
Lancaster
Delaware

Maryland

Cecil
Kent
Queen Anne’s
Caroline
Dorchester
Talbot
Wicomico
Somerset
Worcester

Delaware

New Castle
Kent
Sussex

Virginia

Accomack
Northampton



Shippers desiring natural gas firm transportation service in neighboring counties other than those specified above are encouraged to respond to this Open Season and indicate on the Shipper Nomination Form where they prefer their gas to be received and delivered. Eastern Shore will evaluate all requests received.

Benefits: With this Project, Eastern Shore proposes to expand the availability of natural gas on the Delmarva Peninsula and the neighboring region, reaching communities and businesses currently not served by clean burning natural gas, as well as provide additional natural gas service within Eastern Shore’s existing geographical footprint. Natural gas is the cleanest and most efficient fossil fuel and offers strong advantages over other forms of energy.

In addition to an expanded geographic reach, the proposed upgrades would also allow for transportation services that are designed to move gas bi-directionally between TETCo, Transco and Columbia. These “hub” services allow shippers to overcome system constraints and maximize regional pipeline networks. As upstream development of reserves evolves, shippers participating in the Project can diversify gas supply and take advantage of pricing differentials amongst producing areas that continue to be affected by growing supply.

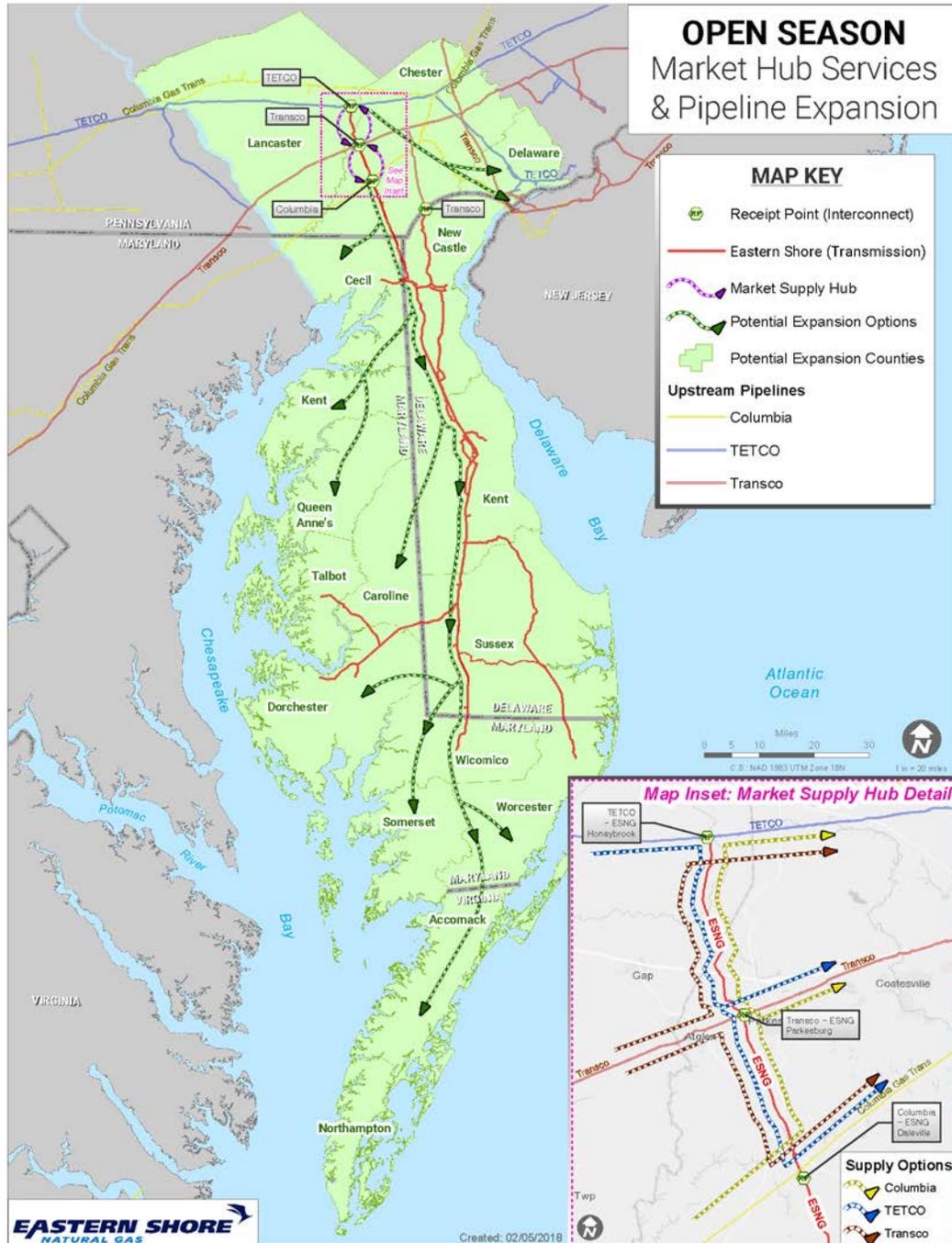
By providing an opportunity for existing and potential shippers to request new or additional firm transportation service both within Eastern Shore’s existing geographic footprint, across the entire Delmarva Peninsula and neighboring region, this Project allows safe, reliable, efficient and economic natural gas to be transported and utilized in the region. The Project’s phased-in approach for new firm transportation service will better serve participating shippers by allowing for more economical and efficient planning and construction of pipeline facilities in order to meet individual and aggregate shipper requirements. Additionally, this phased-in approach provides Eastern Shore’s shippers the ability to phase in transportation service as it is needed, rather than in a single year.

Eastern Shore has a proven track record of providing safe, economical and reliable natural gas service to the Delmarva region. This project provides several benefits for communities and businesses of the Delmarva Peninsula and neighboring region:

1. **Creates increased supply reliability** for natural gas to customers.
2. **Enhances energy security and diversifies risk** by creating flexible supply sources.
3. **May reduce natural gas price spikes** during periods of peak consumption by increasing gas supply.
4. **The need is already here** – the Market Hub Services & Pipeline Expansion is in response to increased demand and regional growth, as well as anticipated increases in future demand.
5. **Provides a positive economic impact for the Delmarva Peninsula and its neighboring region** – the Project will provide job generation and the potential for lower energy costs in the long-term. By increasing the availability of natural gas on the Delmarva Peninsula and its neighboring region, it provides economic development in those areas with an appealing selling point to attract businesses looking to relocate to buildings or industrial parks with natural gas service.
6. **Natural gas is the best clean fuel alternative – it is the most environmentally friendly choice**, especially over coal and fuel oil.

Location: The following map of the Project area indicates where Eastern Shore’s current 455-mile, 17,745 hp of compression system is located, and the upstream interconnects that are proposed to be upgraded as part of the Project.

Please note the arrows on the following map are for general illustrative purposes only and do not represent specific planned routes. Specific pipeline routing will be determined based on responses to this Open Season Notice.





Project Design: Upon the close of the Open Season, Eastern Shore will develop a Project design that is capable of accommodating the level of customer commitments received in a manner that would allow Eastern Shore to achieve the most economical project consistent with safety, operational, and environmental considerations. Eastern Shore reserves the right to structure the Project as single-year, multi-year, or a combination of both, as Eastern Shore determines necessary in its sole discretion. Eastern Shore also reserves the right to conduct additional open seasons in the future as necessary to support the Project or future projects.

Participation: If you are interested in participating in this non-binding Open Season, please review the information herein and then complete the online Open Season Shipper Nomination Form and submit it to Eastern Shore by ~~Friday, March 30, 2018~~ **Tuesday, April 17, 2018**.

Binding Precedent Agreements: If Eastern Shore decides to move forward with the Project, participants in the non-binding Open Season will be notified and will be expected to enter into binding Precedent Agreements. The Precedent Agreement becomes binding when it is fully executed by both Eastern Shore and the Open Season participant. Eastern Shore will revise the overall scope of the Project as necessary to reflect only those requests for new firm transportation service supported by properly executed Precedent Agreements.

Project Information At-a-Glance

Targeted in-service dates:

In-Service Targets	The actual in-service dates are, however, subject to the timely issuance of all necessary regulatory authorizations, approvals and permits and the acceptance of them by Eastern Shore. Construction delays beyond Eastern Shore's control may also affect the actual in-service date.
November 1, 2020	
November 1, 2021	
November 1, 2022	

Non-Binding Open Season Subscription Period: Wednesday, February 7, 2018 through ~~Friday, March 30, 2018~~ **Tuesday, April 17, 2018**.

Service: Firm transportation service from Eastern Shore's existing interconnects with the aforementioned three upstream pipelines (Receipt Point) to Shippers' requested Delivery Point(s) on the Delmarva Peninsula and/or neighboring region, and/or firm transportation service between Eastern Shore's existing interconnect with TETCo near Honey Brook, Pennsylvania, to Eastern Shore's existing interconnect with Columbia, near Daleville, Pennsylvania. Project participants will have the option to bring supply in from any one of the three interconnects and deliver it into any of the other two interconnects, at the aforementioned interconnect points.

Shippers desiring natural gas firm transportation service in neighboring counties other than those specified above are encouraged to respond to this Open Season and indicate on the Shipper Nomination Form where they prefer their gas to be received and delivered. Eastern Shore will evaluate all requests received.



Term: The requested contract term for firm transportation service hereunder shall be a minimum of fifteen (15) years. If a different term is desired, such term should be indicated on the Open Season Nomination Form. Eastern Shore will evaluate alternative terms on a case-by-case basis, and may, in its sole discretion exercised on a not unduly discriminatory basis, accept other terms proposed by shippers participating in this Open Season.

Rate: Preliminary rates will be developed based on the estimated cost of facilities required to serve the aggregate firm transportation service requests submitted during this Open Season process. Initial rates will be calculated based on the level of binding customer commitments received (as evidenced by executed Precedent Agreements) and the cost of the facilities required to serve the aggregate firm transportation service requests of all shippers executing Precedent Agreements.

Open Season Process

The Subscription Period for this Open Season will **commence on February 7, 2018 and close at 5:00 p.m. EDT on ~~Friday, March 30, 2018~~ Tuesday, April 17, 2018**. Eastern Shore may, in its sole discretion, exercised on a not unduly discriminatory basis, consider requests received after the close of the Subscription Period only if such requests are determined to enhance the Project and can be accommodated without adversely affecting the filing process and/or anticipated in-service dates.

Parties interested in obtaining firm transportation service must submit an online [Open Season Shipper Nomination Form](#) and necessary financial information (if a new Shipper) no later than 5:00 pm EDT on ~~Friday, March 30, 2018~~ **Tuesday, April 17, 2018** at one of the following:

Online Form: [Open Season Shipper Nomination Form – Market Hub Services & Pipeline Expansion¹](#)

or

By Mail: Open Season –Market Hub Services & Pipeline Expansion
Eastern Shore Natural Gas Company
1110 Forrest Avenue, Suite 201
Dover, DE 19904

or

By Fax: (302) 734-6745

or

By E-mail: jmayan@esng.com

New Shippers are required to provide certain financial information as set forth in Eastern Shore's FERC Gas Tariff. Eastern Shore reserves the right to request additional information as it deems necessary.

¹ Note that all Open Season Nomination Forms submitted via the Online Form are considered authorized submissions of the open season participant.



Eastern Shore reserves the right to make a final determination of the size, scope and cost of the Project as well as a final evaluation of the overall economics of the Project, and, in its sole discretion, decide whether or not to proceed. All participating parties will be notified of Eastern Shore's final decision.

Contact for Additional Information

Should you have any questions or require additional information regarding this Open Season, please contact:

Jackie Mayan
Sr. Manager, Commercial Business & Marketing
(302) 213-7293
JMayan@esng.com

Jeff Tietbohl
Vice President, Eastern Shore Natural Gas
(302) 734-6742
JTietbohl@esng.com



Eastern Shore Background Information

Eastern Shore has strong roots in the Delmarva Peninsula region. We are proud of our strong track record of being a good neighbor to the communities we serve and for being a dependable company with a passionate commitment to safety.

Eastern Shore is an interstate natural gas pipeline company that has been serving the natural gas transportation needs of the Delmarva Peninsula since 1959. Eastern Shore operates under the jurisdiction of the Federal Energy Regulatory Commission (“FERC”). Eastern Shore is a wholly-owned subsidiary of Chesapeake Utilities Corporation (“Chesapeake”), a diversified energy company focused on delivering outstanding service and attaining sustainable growth that generates long-term value for its employees, customers, investors, and other stakeholders.

Eastern Shore has over 60 years of experience building, owning, operating and maintaining natural gas pipelines on the Delmarva Peninsula.

Eastern Shore receives natural gas at four upstream interstate pipeline interconnections for transportation to local distribution companies, industrial customers, and electric power generation customers located in Delaware, Maryland, and Pennsylvania. Eastern Shore’s pipeline system interconnects with Columbia Gas Transmission, LLC, in Daleville, Pennsylvania; with Transcontinental Gas Pipe Line Company, LLC, in Parkesburg, Pennsylvania, and Hockessin, Delaware; and with Texas Eastern Transmission, LP, near Honey Brook, Pennsylvania.

Eastern Shore strives to solve challenges its customers’ face regarding natural gas capacity by going beyond the norm to provide business solutions for customers that are cost effective and meet their needs. Eastern Shore conducts its business based on the following values:

- Honorable – We will go above and beyond the norm to do the honorable thing
- Personal Connection – We aspire to create a personal connection with people, like they are family
- Don’t Rest on Laurels – We always strive to find new and better solutions
- Relentless – We approach everything with determination and drive
- Results-Oriented – We will make a meaningful impact



EASTERN SHORE NATURAL GAS COMPANY
OPEN SEASON –Market Hub Services & Pipeline Expansion

SHIPPER NOMINATION FORM

PLEASE RETURN YOUR COMPLETED NOMINATION FORM TO EASTERN SHORE
NO LATER THAN 5:00 P.M. EDT on Friday, March 30, 2018 Tuesday, April 17, 2018.

By Online Form²:

Open Season Shipper Nomination Form

By Mail / Express Mail / Overnight Delivery to:

ESNG Open Season –Market Hub Services & Pipeline Expansion
Eastern Shore Natural Gas Company
1110 Forrest Avenue, Suite 201
Dover, DE 19904

By Fax to:

Attention: Jackie Mayan
Fax No. 302-734-6745
By E-mail to: jmayan@esng.com

SHIPPER INFORMATION

Shipper Name: _____

Shipper is a(n): (check one)

___ LDC ___ End User ___ Marketer
___ Producer ___ Broker ___ Other: ___ Describe: _____

Address for Notices and Correspondence:

Name of Contact: _____

Title: _____

Address: _____

Overnight Delivery (Street) Address:

Telephone: (_____) _____ Fax: (_____) _____

Email address: _____

² Note that all Open Season Nomination Forms submitted via the Online Form are considered authorized submissions of the open season participant.



EASTERN SHORE NATURAL GAS COMPANY

OPEN SEASON – MARKET HUB SERVICES & PIPELINE EXPANSION

Shipper requests the following firm transportation service levels on the Market Hub Services & Pipeline Expansion:

For Service Beginning	Primary Receipt Point(s)	Desired Quantity at Receipt Point(s) (Dts)	Primary Delivery Point(s), if applicable	Desired Quantity at Delivery Point(s) (Dts), if applicable	Term of Requested Agreement (minimum of 15 years or alternative to be evaluated)
Nov 1, 2020*					
Nov 1, 2021*					
Nov 1, 2022*					

* Or actual Project in-service date, or later date requested by customer

THIS OPEN SEASON SHIPPER NOMINATION FORM IS SUBMITTED BY³:

Signature: _____

Print Name: _____

Title: _____

Date: _____

³ Note that all Open Season Nomination Forms submitted via the Online Form are considered authorized submissions of the open season participant.



EASTERN SHORE NATURAL GAS COMPANY
MARKET HUB SERVICES & PIPELINE EXPANSION
CAPACITY TURN-BACK REQUEST

Shipper desires to permanently reduce its existing firm year-round transportation service level, as indicated below. Shipper understands that this Turn-Back Request is being solicited to ensure that Eastern Shore may properly size the Market Hub Services & Pipeline Expansion ("Project"), as such turn-back may decrease the cost of expansion facilities required. Shipper further understands that such turn-back quantities will be accepted only to the extent that Eastern Shore: (1) obtains binding Precedent Agreements for additional firm service sufficient to offset the impact of Shipper's request, (2) receives authorizations necessary to complete the proposed Project, and (3) actually places such Project in service.

PLEASE RETURN YOUR COMPLETED CAPACITY TURN-BACK REQUEST FORM TO EASTERN SHORE NO LATER THAN 5:00 P.M. EDT on ~~March 30, 2018~~ April 17, 2018.

By Online Form⁴:

Open Season Capacity Turn-Back Request Form

By Mail / Express Mail / Overnight Delivery to:

ESNG Open Season -Market Hub Services & Pipeline Expansion
Eastern Shore Natural Gas Company
1110 Forrest Avenue, Suite 201
Dover, DE 19904

By Fax to:

Attention: Jackie Mayan
Fax No. 302-734-6745

By E-mail to: jmayan@esng.com

SHIPPER INFORMATION

Shipper Name _____

Contract Number⁵ _____

Shipper Contact

Name _____

Title _____

Telephone _____

Fax _____

E-mail _____

⁴ Note that all Open Season Nomination Forms submitted via the Online Form are considered authorized submissions of the open season participant.

⁵ Shipper must submit a separate Capacity Turn-Back Request form for each Contract



Requested Effective Date _____ (Nov. 1, 2021, Nov. 1, 2022 or Nov. 1, 2023)⁶

Requested Turn-back Daily Quantity _____ dt/day

Primary Receipt Point(s)⁷ Maximum Daily Quantity – dt/day

Transco Sta. 6570 _____

Columbia MLI 88 _____

TETCo _____

Primary Delivery Point(s) Maximum Daily Quantity – dt/day

DPA _____

DPA _____

DPA _____

DPA _____

DPA _____

PLEASE RETURN THIS COMPLETED CAPACITY TURN-BACK REQUEST FORM TO EASTERN SHORE NO LATER THAN 5:00 P.M. EDT ON ~~MARCH 30, 2018~~ APRIL 17, 2018.

Additional Reservations:

Eastern Shore reserves the right to reject, at its sole discretion, this and any other Capacity Turn-Back Request(s), that are incomplete, contain modifications to this request form, contain any conditions on the turn-back of capacity, or that would result in a decrease in net revenue to Eastern Shore.

Eastern Shore will determine, in its sole discretion and on a non-discriminatory basis, which Capacity Turn-Back Request(s) are approved in connection with this Open Season. The final design of the Project will be based in part on the results of Eastern Shore’s consideration of the Capacity Turn-Back Request(s) received.

Shipper’s Authorized Signature⁸:

By: _____

Print Name: _____

Title: _____

Date: _____

⁶ Or actual in-service date

⁷ Total of Receipt Point(s) MUST equal Total of Delivery Point(s)

⁸ Note that all Open Season Nomination Forms submitted via the Online Form are considered authorized submissions of the open season participant.