

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY :
FOR APPROVAL OF BASE RATE : **BPU DOCKET NO. _____**
ADJUSTMENTS PURSUANT TO THE :
STORM HARDENING AND RELIABILITY :
PROGRAM (“SHARP”) :

CASE SUMMARY, PETITION, TESTIMONY AND SCHEDULES

April 28, 2017

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF	:	BPU DOCKET NO.
SOUTH JERSEY GAS COMPANY FOR	:	
APPROVAL OF BASE RATE	:	CASE SUMMARY
ADJUSTMENTS PURSUANT TO THE	:	
STORM HARDENING AND RELIABILITY	:	
PROGRAM (“SHARP”)	:	

South Jersey Gas Company ("South Jersey," "Petitioner," or the "Company") files this Petition for approval of base rate adjustments associated with the Company’s Storm Hardening and Reliability Program (“SHARP”), which was approved by the Board on August 20, 2014 in Docket Nos. AX13030197 and GO13090814. With the SHARP, South Jersey was authorized to invest \$103.5 million over three years to increase the reliability of the Company’s distribution system in coastal areas and mitigate the potential impacts of major storm events. Specifically, the Company was authorized to replace low pressure mains and associated services with high pressure mains and associated services, eliminate 52 regulator stations and install Excess Flow Valves in the municipalities of Atlantic City, Ventnor City, Margate, Longport, Ocean City, Wildwood, North Wildwood, Wildwood Crest and West Cape May.

Cost recovery for SHARP projects is effectuated by an annual adjustment to base distribution rates, effective on October 1. The present Petition seeks Board approval to recover the revenue requirements associated with SHARP projects placed in service during the period July 1, 2016 through June 30, 2017 through a base rate adjustment to take effect on October 1, 2017.

If approved by the Board, the impact of the proposed base rate adjustment on a residential heating customer using 100 therms in a winter month would be an increase of \$1.09, or 0.9%.

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO.
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL OF BASE RATE : PETITION
ADJUSTMENTS PURSUANT TO THE :
STORM HARDENING AND RELIABILITY :
PROGRAM (“SHARP”) :

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, South Jersey Gas Company (sometimes hereinafter referred to as "South Jersey," "Petitioner," or the "Company"), a public utility corporation of the State of New Jersey, with its principal office at One South Jersey Plaza, Folsom, New Jersey, hereby petitions the Board of Public Utilities (the “Board”) for base rate adjustments to provide for cost recovery associated with the Company’s Storm Hardening and Reliability Program (“SHARP”), which was approved by the Board on August 20, 2014 in Docket Nos. AX13030197 and GO13090814. In support thereof, the Company states:

I. INTRODUCTION

1. South Jersey is engaged in the transmission, distribution, transportation, and sale of natural gas within its defined service territory within the State of New Jersey. Said service territory includes all or portions of the following Counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem. Within its service territory South Jersey serves approximately 375,000 customers.

2. South Jersey is subject to regulation by the Board ensuring that safe, adequate and proper natural gas service is provided to its customers pursuant to N.J.S.A. 48:2-23. In furtherance of this responsibility, South Jersey must maintain its public utility infrastructure,

including the property, plant, facilities and equipment that comprise South Jersey's natural gas distribution and transmission system, in such condition as to enable the provision of such service.

II. BACKGROUND

3. On March 20, 2013, the Board issued an Order initiating a generic proceeding (the “Storm Mitigation Proceeding”) to investigate possible avenues to support and protect New Jersey’s utility infrastructure so that it may be better able to withstand the effects of major storm events.

4. The Board’s Order in the Storm Mitigation Proceeding found that it was appropriate to invite all regulated utilities, subject to the Board’s jurisdiction, to submit detailed proposals for infrastructure upgrades designed to protect the State’s utility infrastructure from future major storm events.

5. On September 3, 2013, South Jersey filed a Petition with the Board seeking approval of a Storm Hardening and Reliability Program (“SHARP”). The Company proposed to invest approximately \$280 million in the replacement of low pressure distribution main and associated services with high pressure distribution main and associated services in certain coastal areas over a seven year period, to eliminate 52 regulator stations that would no longer be necessary, to install Excess Flow Valves (“EFVs”), and to utilize an associated recovery mechanism to collect costs from ratepayers through an annual SHARP Rate Adjustment.

6. After notice and public hearings, on August 20, 2014, the Board approved a Stipulation entered into between the Company, Board Staff and the Division of Rate Counsel (collectively, the “Parties”) approving the SHARP and setting forth the authorized investments and cost recovery mechanism to be utilized.

7. The Stipulation approved by the Board provided that the SHARP shall include the replacement of low pressure mains and associated services with high pressure mains and associated services, elimination of 52 regulator stations, and the installation of EFVs in the municipalities of Atlantic City, Ventnor City, Margate, Longport, Ocean City, Wildwood, North Wildwood, Wildwood Crest and West Cape May. The Stipulation also provided that the SHARP would not include meter replacement.

8. The Stipulation went on to provide that the SHARP would encompass a three (3) year period ending June 30, 2017, with project costs not to exceed \$34.5 million per year, plus or minus 15%, with a total cap of \$103.5 million, excluding Allowance for Funds Used During Construction (“AFUDC”).

9. At the time the SHARP was approved by the Board, the Company had already commenced work on SHARP projects and had a base rate case pending at the Board that utilized a test year ending June 30, 2014¹. The SHARP Stipulation acknowledged that work associated with SHARP projects had already commenced and provided that those projects that were placed in-service as of June 30, 2014 would be recognized in the Company’s then pending base rate case. The Stipulation further provided that the cost recovery mechanism described in the Stipulation would apply to SHARP projects placed in service after July 1, 2014.

10. Pursuant to the SHARP Stipulation, cost recovery for SHARP projects is effectuated by an annual adjustment to base distribution rates (“SHARP Rate Adjustment”) accomplished through the Company’s filing of annual Revenue Adjustment Filing (“Annual Filing”).

¹ I/M/O the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions, BPU Docket No. GR13111137, Order dated August 20, 2014.

11. On April 30, 2015, the Company made its first Annual Filing with the Board in Docket No. GR15040496, seeking recovery of the revenue requirements associated with SHARP projects totaling \$36.6 million, excluding AFUDC, that were placed into service from July 1, 2014 through June 30, 2015.

12. Following duly noticed public hearings, on September 11, 2015, the Board approved the first SHARP Rate Adjustment, with an effective date of October 1, 2015. The revenue requirement authorized by that Order was \$4.0566 million (including SUT).

13. On April 29, 2016, the Company made its second Annual Filing with the Board in Docket No. GR16040387, seeking recovery of the revenue requirements associated with SHARP projects totaling \$33.6 million, excluding AFUDC, that were placed into service from July 1, 2015 through June 30, 2016.

14. Following duly noticed public hearings, on August 22, 2016, the Board approved the Company's second SHARP Rate Adjustment, with an effective date of October 1, 2016. The revenue requirement authorized by that Order was \$3.931 million (including SUT).

III. REQUEST FOR COST RECOVERY OF SHARP INVESTMENTS

15. The present Petition seeks Board approval to recover the revenue requirements associated with SHARP project investments totaling \$35.7 that are projected to be placed into service from July 1, 2016 through June 30, 2017, with a SHARP Rate Adjustment to take place on October 1, 2017. The schedules attached to the Direct Testimony of Kenneth J. Barcia, Manager of Rates and Revenue Requirements, set forth the calculation of revenue requirements, which have been calculated in accordance with the SHARP Stipulation. With this filing, the Company has included actual data through March 31, 2017, and projected data through June 30,

2017. The projected data for the period April 1, 2017 through June 30, 2017 will be replaced with actual data in an update filing to be made with the Board no later than July 15, 2017.

16. Pursuant to the Order approving the SHARP Stipulation, the base rate adjustments proposed herein are based on the rate design utilized to set base rates in the Company's most recent base rate case, BPU Docket No. GR13111137.

17. The impact of the proposed SHARP Rate Adjustment on a residential heating customer using 100 therms in a winter month would be an increase of \$1.09, or 0.9%.

IV. SUPPORTING TESTIMONY

18. Attached hereto and incorporated herein is the testimony of:

1. Paul J. Zuccarino, Senior Vice President & Chief Operations Officer; and
2. Kenneth J. Barcia, Manager, Rates and Revenue Requirements.

V. MINIMUM FILING REQUIREMENTS

19. The parties to the SHARP Stipulation agreed that the Company will provide, as part of its Annual Filings, certain Minimum Filing Requirements ("MFRs").

20. The location of the MFRs in this filing is summarized in Exhibit "A" attached hereto.

VI. PUBLIC NOTICE

21. South Jersey will provide notice of the filing of this Petition for this SHARP Rate Adjustment and modification of its Tariff to all of its customers through the publication of a Public Notice in newspapers of general circulation within the Company's service territory. A copy of the proposed Public Notice is attached as Exhibit "B".

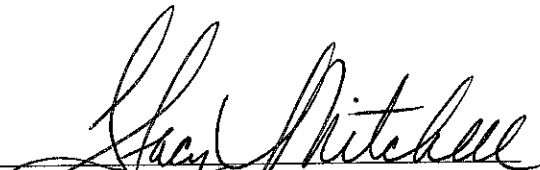
22. The municipalities and counties served by South Jersey's operations will be further notified of the filing of this Petition by letter to be mailed upon publication of the Public Notice.

VII. MISCELLANEOUS

23. South Jersey has served notice and five (5) copies of this Petition upon the Director, Division of Rate Counsel, 140 East Front Street - 4th Floor, PO Box 003, Trenton, New Jersey 08625.

24. South Jersey has also served notice and two (2) copies of this Petition upon the Department of Law and Public Safety, Division of Law, 124 Halsey Street, PO Box 45029, Newark, New Jersey 07102.

Respectfully submitted,
SOUTH JERSEY GAS COMPANY


By: Stacy A. Mitchell, Esq.
Regulatory Affairs Counsel

DATED: April 28, 2017

Communications addressed to the Petitioner
in this case are to be sent to:

South Jersey Gas Company
Attention: Stacy A. Mitchell, Esq.
Regulatory Affairs Counsel
1 South Jersey Plaza
Folsom, NJ 08037
(609) 561-9000

VERIFICATION

I, Paul J. Zuccarino, of full age, being duly sworn according to law upon my oath, depose and say:

1. I am Senior Vice President & Chief Operations Officer, of South Jersey Gas Company and am authorized to make this Verification on behalf of the Company.
2. I have reviewed the foregoing Petition and the information contained therein is true according to the best of my knowledge, information and belief.



PAUL J. ZUCCARINO

Sworn to and subscribed
before me this 28th
day of April 2017.



Notary Public

CAROLYN A. JACOBS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 28, 2018

**In the Matter of the Petition of South Jersey Gas Company
For Approval of Base Rate Adjustments
Pursuant to the Storm Hardening and Reliability Program (“SHARP”)**

MINIMUM FILING REQUIREMENTS	LOCATION IN FILING
Schedule SJG-1: SJG Income Statement as of the current quarter.	Schedule KJB-9
Schedule SJG-2: SJG Balance Sheet as of the current quarter.	Schedule KJB-10
Schedule SJG-3: SJG’s overall capital budget broken down by major categories, including distribution and incremental capital expenditures for SHARP Projects, both budgeted and actual amounts to be reported per fiscal year.	Schedule PJZ-1
Schedule SJG-4: For each SHARP Project: 1. The original project summary for each Qualifying Project; 2. Actual capital expenditures incurred through the most recent quarter.	Schedule PJZ-2
Schedule SJG-5: Anticipated project timelines with updates and expected changes.	Schedule PJZ-3
Schedule SJG-6: A summary of actual expenditures for SHARP Projects, identifying capital expenditures from project inception through the current quarter.	Schedule PJZ-2
Schedule SJG-7: A calculation of the proposed rate adjustment based on details related to SHARP Projects included in Plant in Service, including a calculation of the associated depreciation expense, based on projects closed to Plant in Service during the most recent quarter.	Schedule KJB-1: SHARP Revenue Requirement Schedule KJB-2: SHARP Accumulated Depreciation Schedule KJB-5: SHARP Depreciation Expense Schedule KJB-7: Rate Design/Proposed Rate Calculation
Schedule SJG-8: An explanation of the financial treatment associated with the receipt of any and all funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the SHARP Projects, such as relocation, reimbursement or stimulus money.	Direct Testimony of Kenneth J. Barcia, p. 4

**In the Matter of the Petition of South Jersey Gas Company
For Approval of Base Rate Adjustments
Pursuant to the Storm Hardening and Reliability Program (“SHARP”)**

MINIMUM FILING REQUIREMENTS	LOCATION IN FILING
<p>Schedule SJG-9: Revenue requirement calculation showing the actual capital expenditures and the forecasted spending, as well as supporting calculations; a schedule of base rate revenues at present and proposed rates; and Tariff Sheets reflecting the proposed rates.</p>	<p>Schedule KJB-1: Revenue Requirement Schedule KJB-7: Rate Design/Revenues at Present and Proposed Rates Schedule KJB-8: Tariff Sheets Reflecting Proposed Rates</p>
<p>Schedule SJG-10: Draft form of Public Notice.</p>	<p>Petition Exhibit 2</p>
<p>Schedule SJG-11: Projected Bill Impact.</p>	<p>Direct Testimony of Kenneth J. Barcia, p. 7 Petition Exhibit 2</p>
<p>Schedule SJG-12: The AFUDC rates, calculated in accordance with the Modified FERC Formula, used for AFUDC capitalization for each month in the most recent completed quarter, including the AFUDC rate calculation showing capital components and capital cost rates making up each of the monthly AFUDC rates</p>	<p>Schedule KJB-11</p>

**NOTICE OF FILING OF PETITION
AND OF PUBLIC HEARING**

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF BASE RATE ADJUSTMENTS PURSUANT TO THE STORM HARDENING
AND RELIABILITY PROGRAM (SHARP)
DOCKET NO. GR _____**

NOTICE IS HEREBY GIVEN that, on April 28, 2017 South Jersey Gas Company (“South Jersey” or the “Company”) filed a petition with the New Jersey Board of Public Utilities (the “Board”) seeking approval for base rate changes associated with the Company’s Storm Hardening and Reliability Program (“SHARP”). The Board approved the SHARP and the associated cost recovery mechanism on August 20, 2014 in Docket Nos. AX13030197 and GO13090814 (the “Order”). The Order authorized the Company to invest \$103.5 million over a three (3) year period, commencing July 1, 2014 and ending June 30, 2017, to replace low pressure distribution mains and associated services with high pressure distribution mains and associated services in the municipalities of Atlantic City, Ventnor, Margate, Longport, Ocean City, Wildwood, North Wildwood, Wildwood Crest and West Cape May. The Order also authorized the Company to make annual filings with the BPU to recover the costs associated with SHARP investments, as well as an authorized return on those investments, through annual adjustments to base rates. The Petition seeks Board approval to recover in base rates the revenue requirements associated with SHARP investments made from July 1, 2016 through June 30, 2017.

If approved by the Board, the impact of the proposed increase on typical Residential and General Service customers using less than 5,000 therms per year is estimated to be as follows:

Residential Service (RSG)

Therm Level	Bill as of April 28, 2017⁽¹⁾	Bill as of October 1, 2017⁽²⁾	Dollar Increase	Percent Increase
25	\$37.17	\$37.44	\$0.27	0.7%
100	\$119.82	\$120.91	\$1.09	0.9%
200	\$230.02	\$232.21	\$2.19	1.0%

General Service (GSG) (Using less than 5,000 therms per year)

Therm Level	Bill as of April 28, 2017⁽¹⁾	Bill as of October 1, 2017⁽²⁾	Dollar Increase	Percent Increase
500	\$513.00	\$517.09	\$4.09	0.8%
1,000	\$996.88	\$1,005.06	\$8.18	0.8%
2,000	\$1,964.64	\$1,980.99	\$16.35	0.8%

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS) charges in effect October 1, 2016 and assumes that the customer receives BGSS service from South Jersey.

(2) Same as (1) except includes base rate changes associated with SHARP.

The following Rate Schedules will also be affected by the Company’s proposed base rate increase: General Service – Large Volume (GSG-LV), Comprehensive Firm Transportation Service (CTS), Large

Volume Service (LVS), Electric Generation Service (EGS), Electric Generation Service – Large Volume (EGS-LV), Natural Gas Vehicle Service (NGV), Yard Lights Service (YLS) and Street Lights Service (SLS).

The effect of the proposed increase would be an increase of \$1.09 or 0.9% for a residential customer using 100 therms of gas during the winter months.

Pursuant to statute, the Board has the authority to approve the SHARP base rate adjustment in a manner it finds just and reasonable. Therefore, the Board may approve a SHARP base rate adjustment that is different than the rates proposed by South Jersey.

Copies of the Company's filing are available for inspection at the Company's offices located at One South Jersey Plaza, Folsom, New Jersey 08037, or at the Board of Public Utilities, 44 South Clinton Avenue, 3rd floor, Trenton, New Jersey 08625-0350. The Company's filing may also be found on the South Jersey website at www.southjerseygas.com/for-my-home/current-regulatory-filings.html.

NOTICE is further given that public hearings have been scheduled at the following date, times, and place on the Company's above-mentioned requests:

_____ at 4:30 p.m. and 5:30 p.m.
Voorhees Township, Municipal Court
Voorhees Town Center
Voorhees, New Jersey 08043
(located directly across from Township Library at 203 Laurel Road)

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, forty-eight (48) hours prior to this hearing. In addition, members of the public may submit written comments concerning the petition to the Board regardless of whether they attend the hearing by addressing them to Irene Kim Asbury, Secretary, Board of Public Utilities, 44 S. Clinton Avenue, P.O. Box 350, Trenton, NJ 08625-0350.

SOUTH JERSEY GAS COMPANY
By: David Robbins, Jr.
President

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**Direct Testimony
of
Paul J. Zuccarino
Senior Vice President & Chief Operations Officer
South Jersey Gas Company**

I. INTRODUCTION

Q. Please state your name, affiliation and business address.

A. My name is Paul J. Zuccarino, and my business address is 1 South Jersey Plaza, Folsom, New Jersey 08037. I am Senior Vice President & Chief Operations Officer for South Jersey Gas Company (“South Jersey” or the “Company”). In this position, I am responsible for providing leadership and direction for all distribution operations, including construction services, utility services, asset operations, and divisional office administration.

Q. Please summarize your educational and professional background.

A. I am a 1983 graduate of Richard Stockton College of New Jersey with a Bachelor of Arts degree in Political Science. I have been employed by South Jersey Industries (“SJI”) since 1984 and have held various management positions of increasing responsibility. These positions have included various analyst and supervisory positions from 1984 – 2001, Manager, Distribution Operations for South Jersey from 2001 – 2004, Director, Distribution Operations for South Jersey from 2004 – 2008, Director, Construction Services for South Jersey from 2008 – 2012, Senior Vice President, Distribution Operations for South Jersey from 2013 - 2017. On April 24, 2017 I was promoted to my current position, Senior Vice President & Chief Operations Officer for South Jersey.

1 I am a member of the American Gas Association (AGA), and currently serve on
2 its Utility & Customer Field Services Committee. I am also a member of the Northeast
3 Gas Association (NGA), and currently serve on its Construction & Maintenance
4 Committee.

5
6 **Q. What is the purpose of your testimony?**

7 A. Through my testimony I will provide the status of investments that were made from July
8 1, 2016 to March 31, 2017, and which will be made from April 1, 2017 through June 30,
9 2017, as part of the Company's Storm Hardening and Reliability Program ("SHARP"),
10 which was approved by the Board of Public Utilities ("BPU" or the "Board") on August
11 20, 2014 in Docket Nos. AX13030197 and GO13090814 (the "SHARP Order"). My
12 testimony also provides certain information responsive to the Minimum Filing
13 Requirements ("MFR") required by the SHARP Order.

14
15 **II. STATUS OF SHARP INVESTMENTS**

16 **Q. Please provide an overview of the Company's SHARP investments.**

17 A. Under the SHARP, the Company has invested approximately \$34.5 million per year to
18 replace low pressure distribution mains and associated services, which currently operate
19 at less than a quarter pound of pressure per square inch, with high pressure distribution
20 mains and associated services, which operate at 60 pounds per square inch, in the barrier
21 islands of Atlantic City, Ventnor City, Margate, Longport, Ocean City, Wildwood, North
22 Wildwood, Wildwood Crest and West Cape May. Concurrent with these replacements,
23 the Company has also eliminated regulator stations that are no longer necessary with the

1 elimination of low pressure distribution mains and has installed Excess Flow Valves
2 (“EFVs”).

3 The main and service replacements that were made under the SHARP play a
4 critical role in hardening the Company’s distribution system and mitigating the
5 potentially devastating impact of a major storm event, such as Superstorm Sandy. Low
6 pressure distribution systems located in coastal areas are extremely susceptible to water
7 intrusion during major storm events and the associated tidal flooding that often occurs.
8 Because the low pressure system operates at less than a quarter pound of pressure per
9 square inch, storm force flooding can overcome the internal operating pressure within a
10 low pressure main and water can enter the main through joints and non-welded fittings.
11 This would result in service interruption to thousands of customers.

12 As required by the SHARP Order, the Company’s investments included in this
13 Annual Filing are incremental to the Company’s normal capital budget. The Company’s
14 2016 and 2017 capital budgets, broken down by major categories, including both
15 budgeted and actual information through March 31, 2017, are attached hereto as Schedule
16 PJZ-1.

17
18 **Q. Please describe the status of the SHARP including the SHARP projects placed in-**
19 **service from July 2016 to March 2017 and those SHARP projects the Company**
20 **anticipates completing by June 30, 2017.**

21
22 A. With the inception of the SHARP, the Company began its SHARP investments in
23 Atlantic City, which had the largest volume of low pressure mains and services in our
24 service area and the highest number of coastal area customers that could be impacted by
25 an outage caused by a major storm event. The Company moved on to make similar

1 SHARP investments in the municipalities of Ventnor, Margate, Longport, and Wildwood
2 Crest.

3 For the period July 2016 through March 2017, the Company has invested
4 \$31,669,076, excluding Allowance for Funds Used During Construction (“AFUDC”),
5 and has replaced 21.9 miles of main and 3,748 associated services in the remaining
6 municipalities of Ocean City, North Wildwood, Cape May and West Cape May.

7 The Company anticipates that by June 30, 2017 it will have invested a total of
8 approximately \$105,200,000 (excluding AFUDC) in SHARP projects and will have
9 successfully completed the replacement of 92 miles of low pressure main and 11,000
10 associated services in the barrier islands.

11 The Company is proud of its accomplishments over the last three (3) years
12 through implementation of SHARP, which included hardening the Company’s
13 infrastructure and mitigating against potentially threatening storm events. At the
14 conclusion of SHARP in June 2017, the Company will have replaced all low pressure
15 main on the barrier islands and further eliminated regulator stations susceptible to storm
16 damage.

17 The original project summary for the SHARP and the actual capital expenditures
18 incurred through March 31, 2017 are attached hereto as Schedule PJZ-2. The anticipated
19 project timelines for SHARP Projects through June 30, 2017 are attached hereto as
20 Schedule PJZ-3.

21
22 **Q. Does this conclude your testimony?**

23 **A.** Yes, it does.

SOUTH JERSEY GAS COMPANY
2016 CAPITAL BUDGET
(In Thousands)

Line No		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
1	Division Blankets	\$69,692	\$70,615	(\$923)
2	CD&O and Engineering Blankets	\$18,827	\$15,785	\$3,042
3	IT Projects	\$492	\$476	\$15
4	Facilities/Fleet	<u>\$2,293</u>	<u>\$3,007</u>	<u>(\$714)</u>
5	Total Blankets	91,304	89,883	1,420
6				
7	Division Specials	7,338	11,287	(3,950)
8	Engineering Specials	26,515	46,127	(19,612)
9	IT Projects	5,135	9,721	(4,587)
10	Facilities/Fleet	<u>12,156</u>	<u>11,835</u>	<u>321</u>
11	Total Specials	51,144	78,971	(27,827)
12				
13	Total Non-Infrastructure Projects	<u>142,448</u>	<u>168,854</u>	<u>(26,406)</u>
14				
15				
16	SHARP Projects	39,439	26,103	13,337
17	AIRP Projects	<u>38,991</u>	<u>37,336</u>	<u>1,655</u>
18	Total Infrastructure Projects	78,431	63,439	14,992
19				
20				
21				
22	Total Construction	<u>\$220,879</u>	<u>\$232,293</u>	<u>(11,415)</u>

SOUTH JERSEY GAS COMPANY
2017 CAPITAL BUDGET
(In Thousands)

Line No		March 2017 Year-to-Date			Budget 2017
		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
1	Division Blankets	\$22,068	\$15,153	\$6,915	\$72,879
2	CD&O and Engineering Blankets	\$4,321	\$3,678	\$643	\$14,777
3	IT Projects	\$65	\$97	(\$32)	\$389
4	Facilities/Fleet	<u>\$606</u>	<u>\$506</u>	<u>\$100</u>	<u>\$3,043</u>
5	Total Blankets	27,060	19,434	7,626	91,088
6					
7	Division Specials	1,078	1,504	(\$425)	3,285
8	Engineering Specials	4,234	5,546	(\$1,312)	44,326
9	IT Projects	736	3,548	(\$2,812)	10,964
10	Facilities/Fleet	<u>4,763</u>	<u>5,805</u>	<u>(\$1,042)</u>	<u>23,049</u>
11	Total Specials	10,811	16,403	(5,591)	81,624
12					
13	Total Non-Infrastructure Projects	<u>37,871</u>	<u>35,837</u>	<u>2,035</u>	<u>172,711</u>
14					
15					
16	SHARP Projects	10,253	3,488	6,765	4,983
17	AIRP Projects	<u>19,169</u>	<u>11,021</u>	<u>8,149</u>	<u>72,014</u>
18	Total Infrastructure Projects	29,423	14,509	14,914	76,997
19					
20					
21					
22	Total Construction	<u>\$67,294</u>	<u>\$50,346</u>	<u>\$16,948</u>	<u>\$249,708</u>

South Jersey Gas Company

**SHARP Original Project Summary &
Actual Capital Expenditures Incurred
Through Quarter Ending March 2017**

SHARP Original Project Summary

Low Pressure Main Replacements on barrier islands

During the period of July 2016 through June 2017, SJG estimates to replace 19.9 miles of incremental low pressure cast iron main and 3,393 associated services. The total budget for this period is \$32,283,669 (excluding AFUDC).

Actual Project Expenditures Incurred Through Quarter Ending March 2017

As of March 31, 2017, actual dollars spent amount to \$31,669,076 (excluding AFUDC).

SOUTH JERSEY GAS COMPANY
SHARP
FOR THE PERIOD ENDING MARCH 31, 2017

<u>Infrastructure Project</u>	<u>Project Type</u>	<u>Estimated Miles and Services Count</u>	<u>Quantity Completed To Date</u>	(Excluding AFUDC) <u>Total Estimated Cost</u>	(Excluding AFUDC) <u>Actual Cost To Date</u>
Low Pressure Main Replacement	Renewal Mains	19.9 miles	21.9 miles	\$18,711,669	\$16,485,087
Low Pressure Service Replacement	Renewal Services	3,393 services	3,748 services	\$13,572,000	\$15,183,989
Total				\$32,283,669	\$31,669,076

South Jersey Gas Company
SHARP
Anticipated Project Timelines with Updates and Expected Changes

SJG anticipates investing \$32,283,669 (excluding AFUDC) from July 2016 through June 2017. During this time, the company estimates that it will replace 19.9 miles of incremental low pressure cast iron main and 3,393 associated services in the municipalities of Atlantic City, Ventnor, Margate, Longport, Ocean City and Wildwood Crest. During the period July 2016 through March 31, 2017, the Company replaced 21.9 miles of main and 3,748 associated services in Cape May, Longport, Ocean City, Margate and the Wildwoods.

By June 30, 2017, SJG will replace all of the low pressure mains & services on the barrier islands completing the SHARP program.

As of March 31, 2016, actual dollars spent amount to \$31,669,076 (excluding AFUDC) with 21.9 miles of main and 3,748 services replaced.

1 **Direct Testimony**
2 **of**
3 **Kenneth J. Barcia**
4 **Manager of Rates and Revenue Requirements**
5 **South Jersey Gas Company**
6

7 **I. INTRODUCTION**

8 **Q. Please state your name, affiliation and business address.**

9 A. My Name is Kenneth J. Barcia, and I am the Manager of Rates and Revenue
10 Requirements for South Jersey Gas Company (“South Jersey” or “SJG” or the
11 “Company”). My business address is South Jersey Gas, One South Jersey Plaza, Route
12 54, Folsom, NJ 08037. In my current role, I manage the daily activity of the Company’s
13 Rates and Revenue Requirements department and provide support and strategic direction
14 regarding rate and revenue related filings before the Board of Public Utilities (“BPU” or
15 the “Board”). I also assist with the development and interpretation of the Company’s
16 tariff.

17
18 **Q. Please summarize your educational and professional background.**

19 A. I joined South Jersey Industries, Inc. (“SJI”) in December 2011, as Risk Management
20 Project Specialist. In March of 2013, I was promoted to Credit Manager of the Risk
21 Management Department of SJI. Most recently, in May of 2015, I accepted my current
22 role as Manager, Rates and Revenue Requirements with South Jersey. Prior to my
23 employment with South Jersey, I held various positions in the engineering and
24 accounting fields. I hold a Bachelor of Science degree in Environmental Engineering and
25 in Accounting, both from Temple University, 1992 and 2002, respectively. I am a
26 member of the American Gas Association (AGA), where I serve on the State Affairs

1 Committee, and the New Jersey Utilities Association (NJUA), where I serve on the
2 Finance and Regulations Committee.

3
4 **Q. What is the purpose of your testimony?**

5 A. The purpose of my testimony is to support the Company's proposed base rate
6 adjustments related to investments made pursuant to the Company's Storm Hardening
7 and Reliability Program (SHARP), which was approved by Board Order dated August
8 20, 2014 in Docket Nos. AX13030197 and GO13090814 (the "SHARP Order").
9 Pursuant to the SHARP Order, cost recovery for SHARP projects is effectuated through
10 an annual adjustment to the Company's base distribution rates ("SHARP Rate
11 Adjustment"). The proposed base rate adjustment in this proceeding will become
12 effective on October 1, 2017 and is based on the revenue requirements associated with
13 SHARP investments made for the period July 1, 2016 through June 30, 2017. This
14 testimony provides an overview of the SHARP cost recovery mechanism and the
15 calculation of the associated revenue requirement and rate design. It also addresses
16 certain Minimum Filing Requirements ("MFRs") as set forth in the SHARP Order.

17
18 **II. SHARP COST RECOVERY MECHANISM**

19 **Q. Please describe the SHARP cost recovery mechanism approved by the Board.**

20 A. The SHARP Rate Adjustment occurs by way of annual revenue adjustment filings
21 ("Annual Filings") made in April of each year. With this Annual Filing, South Jersey is
22 seeking cost recovery of SHARP investments that were placed in service during the
23 period July 1, 2016 to June 30, 2017, with a base rate adjustment to be effective October
24 1, 2017. With this filing, the Company provides actual data for projects placed in service

1 through March 31, 2017 and will provide an update with actual data through June 30,
2 2017 no later than July 15, 2017.

3
4 **Q. What is the forecasted revenue requirement that is proposed for the SHARP Rate**
5 **Adjustment to take place on October 1, 2017?**

6
7 A. The Company proposes a revenue requirement of \$3,984,200, including Sales and Use
8 Tax (“SUT”), or \$3,727,907, excluding SUT. The revenue requirement calculation
9 associated with the proposed SHARP Rate Adjustment is included in Schedule KJB – 1,
10 attached hereto.

11
12 **Q. How are the revenue requirements associated with the SHARP Rate Adjustment**
13 **calculated?**

14
15 A. SHARP revenue requirements are calculated utilizing the following formula, approved in
16 the SHARP Order:

$$\begin{aligned} \text{Revenue Requirement} = & [(\text{SHARP Program Rate Base} * \text{After Tax WACC}) + \\ & \text{Annual Depreciation Expense (net of tax) + Tax Adjustments}] * \text{Revenue Factor} \end{aligned}$$

17
18
19
20 **Q. How is the SHARP Program Rate Base Calculated?**

21 A. SHARP Program Rate Base is calculated as SHARP Investment Costs, including
22 Construction Work in Progress (“CWIP”) transferred into service and associated
23 Allowance for Funds Used During Construction (“AFUDC”), less associated
24 accumulated depreciation and less associated accumulated deferred income taxes
25 (“ADIT”).
26

1 **Q. What types of expenditures are included in the SHARP Investment Costs?**

2
3 A. SHARP Investment Costs are all prudently incurred SHARP capital expenditures;
4 including actual costs of engineering, design and construction, property acquisition,
5 actual labor, materials overheads and capitalized AFUDC associated with the SHARP
6 projects. The Company's actual SHARP Investment Costs through March 31, 2017 and
7 projected SHARP Investment Costs through June 30, 2017 are summarized in the
8 testimony of Paul J. Zuccarino and are provided in Schedules PJZ – 2 and PJZ – 3.

9

10 **Q. Did the Company receive any funds or credits from the United States Government,**
11 **the State of New Jersey, a county or a municipality, for work related to any SHARP**
12 **projects?**

13

14 A. No, it did not.

15

16 **Q. How is accumulated depreciation calculated?**

17 A. Accumulated depreciation for SHARP investments is calculated based upon the monthly
18 depreciable base for asset class, in this instance either distribution mains or services,
19 multiplied by the associated depreciation rate for that asset, as established in the
20 Company's most recent base rate case. The depreciation rate utilized for distribution
21 mains is 1.37%, and for services is 2.01%. The calculation of the accumulated
22 depreciation is included in Schedule KJB – 2, attached hereto.

23

24 **Q. How has the Company calculated ADIT?**

25 A. The Company's ADIT calculations are contained in Schedule KJB – 3. The Company
26 has calculated accumulated deferred income taxes in accordance with current tax law

1 and, because the Company has elected to use accelerated depreciation, it has applied the
2 required Internal Revenue Code normalization rules and associated methods of
3 accounting.

4
5 **Q. What is the Weighted Cost of Capital (“WACC”) utilized in the calculation of the**
6 **revenue requirement?**

7
8 A. Pursuant to the SHARP Order, the return on SHARP Rate Base is calculated at a WACC
9 utilizing a 9.75% return on common equity and an equity level in the capital structure of
10 51.9%, resulting in a WACC of 7.10%, or 6.26% on an after-tax basis. The calculation of
11 this WACC is included in Schedule KJB – 4, attached hereto.

12
13 **Q. How is the depreciation expense, net of tax, calculated?**

14 A. Depreciation expense for SHARP investments is calculated based upon the asset class, in
15 this instance either distribution mains or services, multiplied by the associated
16 depreciation rate for that asset, as established in the Company’s most recent base rate
17 case, BPU Docket No. GR13111137. The depreciation rate utilized for distribution
18 mains is 1.37%, and for services is 2.01%. Because the revenue requirement is adjusted
19 by a revenue factor that includes Federal and State income taxes, the depreciation
20 expense is calculated on a net of tax basis. For Federal tax purposes, the tax basis
21 associated with the depreciation expense is calculated as direct plant-in-service, plus the
22 debt component of the AFUDC transferred into service. Because there is no tax
23 deduction associated with the equity component of AFUDC, it is not included in the tax
24 basis of the plant-in-service. As a result, there is no tax depreciation expense associated
25 with the AFUDC equity portion of the plant-in-service. The annual depreciation expense,

1 net of tax, is calculated as the annual depreciation expense, multiplied by one minus the
2 Company's current tax rate. The calculation of the annualized depreciation expense, net
3 of tax, is included in Schedule KJB – 5, attached hereto.

4
5 **Q. What is the revenue factor utilized in the calculation of the revenue requirement?**

6 A. The revenue factor adjusts the revenue requirement to reflect Federal and State income
7 taxes, as well as the costs associated with Board and Division of Rate Counsel Annual
8 Assessments and Bad Debt. Pursuant to the SHARP Order, the revenue factor to be
9 utilized in calculation of the revenue requirement is 1.82727, which is the revenue factor
10 that was utilized to set rates in the Company's most recent base rate case, adjusted to
11 reflect any changes in Federal income tax, New Jersey Corporation Business Tax or SUT
12 rates. The revenue factor utilized in calculating the revenue requirement for the SHARP
13 Rate Adjustment is included in Schedule KJB – 6, attached hereto.

14
15 **III. RATE DESIGN AND CUSTOMER BILL IMPACTS**

16 **Q. What rate design was utilized for the proposed SHARP Rate Adjustment?**

17 A. Pursuant to the SHARP Order, the Company utilized the rate design approved by the
18 Board in its most recent base rate case, Docket No. GR13111137. The SHARP Order
19 provided that the SHARP Rate Adjustment is calculated by adjusting the volumetric rate
20 for all customer classes in the same manner prescribed in the Company's most recent
21 base rate case and utilizing the billing determinants utilized to set rates in that
22 proceeding. Further, the Margin Revenue Factor set forth in the Company's
23 Conservation Incentive Program ("CIP") and Temperature Adjustment Clause ("TAC")

1 tariffs must also be revised to reflect the SHARP Rate Adjustment. The rate design that
2 was utilized in the Company's most recent base rate case, identifying present rates and
3 proposed rates after the SHARP Rate Adjustment, is attached hereto as Schedule KJB –
4 7. Tariff Sheets reflecting these proposed rates are also attached hereto as Schedule KJB
5 – 8.

6
7 **Q. What will the bill impact of the SHARP Rate Adjustment be for a typical residential**
8 **customer?**

9
10 A. The bill impact on a typical residential heating customer using 100 therms of natural gas
11 in a winter month will be an increase of \$1.09, or 0.9%.

12
13 **IV. MINIMUM FILING REQUIREMENTS**

14 **Q. In addition to the Schedules previously referenced in your Testimony, are you**
15 **sponsoring any additional Schedules in support of the MFRs?**

16
17 A. Yes. Also attached to my Testimony are the Company's Income Statement as of March
18 31, 2017, the Company's Balance Sheet as of March 31, 2017 and the calculation of the
19 AFUDC rates, calculated in accordance with the Modified FERC Formula set forth in the
20 SHARP Order, used for AFUDC capitalization for each month in the most recent
21 completed quarter. This information is included in Schedules KJB – 9, KJB – 10 and
22 KJB – 11, respectively, attached hereto.

23
24 **Q. Does this conclude your testimony?**

25
26 A. Yes, it does.

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
REVENUE REQUIREMENT**

Line		
No		
1	Actual Plant in Service as of March 31, 2017	\$12,044,036
2	Projected Plant in Service for the period April 1, 2017 through June 30, 2017	\$23,705,691
3	AFUDC	334,344
4	Gross Plant in Service as of June 30, 2017	<u>36,084,071</u>
5		
6	Accumulated Depreciation	(542,203)
7		
8	Accumulated Deferred Tax	<u>(6,451,216)</u>
9		
10	SHARP Program Rate Base	29,090,653
11		
12	After-Tax WACC	<u>6.26%</u>
13		
14	Return Requirement	1,821,075
15		
16	Depreciation Expense, Net of Tax	<u>359,342</u>
17		
18	Revenue Recovery	2,180,417
19		
20	Revenue Factor	<u>1.82727</u>
21		
22	Total Revenue Requirement	<u><u>\$3,984,200</u></u>
23		
24	Total Revenue Requirement, excluding SUT	<u><u>\$3,727,907</u></u>

SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
DEPRECIATION EXPENSE

Description	In Service	Actual Jul-16	Actual Aug-16	Actual Sep-16	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Projected Apr-17	Projected May-17	Projected Jun-17	Total
SHARP Mains														
Depreciable Base	Various	\$22,921,657	\$212,511	\$455,487	\$1,075,748	\$1,667,238	\$2,941,721	\$3,092,977	\$3,151,774	\$3,186,903	\$3,484,867	\$9,947,649	\$17,670,687	
Depreciation Rate- Annual 1.37%		0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	
Depreciation Expense		\$26,169	\$243	\$520	\$1,228	\$1,903	\$3,358	\$3,531	\$3,598	\$3,638	\$3,979	\$11,357	\$20,174	
SHARP Services														
Depreciable Base	Various	\$11,013,146	\$1,325,522	\$2,606,638	\$3,691,541	\$5,561,568	\$6,894,186	\$8,333,910	\$8,449,547	\$8,444,704	\$8,559,169	\$11,816,397	\$18,079,040	
Depreciation Rate- Annual 2.01%		0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	
Depreciation Expense		\$18,447	\$2,220	\$4,366	\$6,183	\$9,316	\$11,548	\$13,959	\$14,153	\$14,145	\$14,337	\$19,792	\$30,282	
Total Depreciation Expense		44,616	2,463	4,886	7,411	11,219	14,906	17,490	17,751	17,783	18,315	31,149	50,456	238,448

SOUTH JERSEY GAS COMPANY
STORM HARDENING & RELIABILITY PROGRAM (SHARP)
ACCUMULATED DEFERRED TAXES (ADIT)

Line No.		<u>State Tax</u>	<u>Federal Tax</u>
1			
2	Plant in Service as of June 30, 2017	\$ 35,749,727	\$ 35,749,727
3	AFUDC	\$ 334,344	\$ 334,344
4	Less AFUDC-Equity	\$ (208,836)	\$ (208,836)
5	Total Investment as of June 30, 2017	<u>\$ 35,875,236</u>	<u>\$ 35,875,236</u>
6			
7	Bonus Depreciation (50%)	\$ -	\$ 17,937,618
8	Tax Depreciation	<u>\$ 2,171,640</u>	<u>\$ 1,085,820</u>
9	Total Tax/Bonus Depreciation	\$ 2,171,640	\$ 19,023,438
10			
11	Book Depreciation	\$ (817,695)	\$ (817,695)
12			
13	Net	<u>\$ 1,353,945</u>	<u>\$ 18,205,742</u>
14			
15	Deferred Tax	\$ 121,855	\$ 6,372,010
16			
17	Benefit of State Deferred on Federal		\$ (42,649)
18			
19	Total Deferred Tax Liability		<u><u>\$ 6,451,216</u></u>
20			

SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
WEIGHTED AVERAGE COST OF CAPITAL

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>	<u>After-Tax Weighted Cost Rate</u>
Long-Term Debt	46.60%	4.36%	2.03%	1.20%
Short-Term Debt	1.50%	0.30%	0.00%	0.0%
Common Equity	<u>51.90%</u>	9.75%	<u>5.06%</u>	<u>5.06%</u>
	<u>100.00%</u>		<u>7.10%</u>	<u>6.26%</u>

**South Jersey Gas Company
Storm Hardening & Reliability Program (SHARP)
Annual Depreciation Expense**

Line No		<u>Mains</u>	<u>Services</u>	<u>Total</u>
1	Plant in service as of June 30, 2017	\$ 17,670,687	\$ 18,079,040	\$ 35,749,727
2	AFUDC	\$ 206,874	\$ 127,471	\$ 334,344
3	Less: AFUDC Equity	\$ (130,356)	\$ (78,479)	\$ (208,836)
4	Total Depreciable Base	<u>\$ 17,747,205</u>	<u>\$ 18,128,031</u>	<u>\$ 35,875,236</u>
5				
6	Annual Depreciation Rate	1.37%	2.01%	
7	Annual Depreciation Expense	<u>\$ 243,137</u>	<u>\$ 364,373</u>	<u>\$ 607,510</u>
8				
9	Income Taxes (40.85%)			\$ (248,168)
10				
11	Annual Depreciation Expense, Net of Tax			<u><u>\$ 359,342</u></u>
12				

**South Jersey Gas Company
Derivation of Revenue Factor**

Line No.		
1	Components:	
2		
3	Sales and Use Tax (SUT)	6.875%
4		
5	Public Utility Assessment Tax (PUA)	0.2200%
6		
7	Bad Debt Provision (Bad Debt)	0.9080%
8		
9	Federal Income Tax (FIT)	35.0000%
10		
11	CBT	9.0000%
12		
13	Operating Revenue	1.0000
14		
15		
16	Revenue Factor Calculation:	1.82727
17		
18		
19		$\left[\frac{1}{1 - [(.65 \cdot .09) + .35]} \right] * 1.00908 * 1.0022 * 1.06875 = 1.82727$
20		
21		
22		

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
BASE AND TOTAL REVENUES AT PRESENT AND PROPOSED RATES**

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective Dec 1, 2016)</u>		<u>Proposed Rates (Effective Oct 1, 2017)</u>		
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
			<u>RSG</u>		<u>RSG</u>		
<u>Residential Service</u>							
Customer Charge	4,055,511	Bills	\$ 9.00	\$ 36,499,599	\$ 9.00	\$ 36,499,599	
Distribution Charge	255,393,546	Therms	0.547317	139,781,229	0.557519	142,386,754	
CIP Revenues				-		-	
CIRT Revenues				-		-	
Total Base Revenues				\$ 176,280,828		\$ 178,886,353	1.5%

			<u>GSG</u>		<u>GSG</u>		
<u>General Service (0-100,000 Annual Therms)</u>							
Customer Charge	286,978	Bills	\$ 27.25	\$ 7,820,151	\$ 27.25	\$ 7,820,151	
Distribution Charge	95,087,060	Therms	0.435411	41,401,952	0.443062	42,129,463	
CIP Revenues				-		-	
CIRT Revenues				-		-	
Total Base Revenues				\$ 49,222,102		\$ 49,949,613	1.5%

			<u>GSG-LV</u>		<u>GSG-LV</u>		
<u>General Service Large Volume (100,000 + Annual Therms)</u>							
Customer Charge	2,063	Bills	\$ 150.00	\$ 309,450	\$ 150.00	\$ 309,450	
Demand Charge	204,557	Mcf	9.0000	1,841,013	9.0000	1,841,013	
Distribution Charge	31,185,054	Therms	0.238429	7,435,421	0.242972	7,577,095	
CIP Revenues				-		-	
CIRT Revenues				-		-	
Total Base Revenues				\$ 9,585,884		\$ 9,727,558	1.5%

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
BASE AND TOTAL REVENUES AT PRESENT AND PROPOSED RATES**

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective Dec 1, 2016)</u>		<u>Proposed Rates (Effective Oct 1, 2017)</u>		
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
			<u>CTS</u>		<u>CTS</u>		
<u>Comprehensive Firm Transportation Service</u>							
Customer Charge	580	Bills	\$ 600.00	\$ 348,000	\$ 600.00	\$ 348,000	
Demand Charge	148,155	Mcf	27.4213	4,062,603	27.4213	4,062,603	
Distribution Charge	27,954,358	Therms	0.047608	1,330,851	0.050644	1,415,721	
CIRT Revenues				-		-	
Total Base Revenues				\$ 5,741,454		\$ 5,826,323	1.5%

			<u>LVS</u>		<u>LVS</u>		
<u>Large Volume Service</u>							
Customer Charge	360	Bills	\$ 900.00	\$ 324,000	\$ 900.00	\$ 324,000	
Demand Charge	398,130	Mcf	14.8842	5,925,847	14.8842	5,925,847	
Distribution Charge	99,751,830	Therms	0.040282	4,018,203	0.041803	4,169,926	
CIRT Revenues				-		-	
Total Base Revenues				\$ 10,268,050		\$ 10,419,772	1.5%

			<u>EGS</u>		<u>EGS</u>		
<u>Electric Generation Service</u>							
Customer Charge	66	Bills	\$ 25.00	\$ 1,650	\$ 25.00	\$ 1,650	
Demand Charge	2,434	Mcf	6.500	15,821	6.500	15,821	
Distribution Charge (Nov - Mar.)	89,990	Therms	0.125294	11,275	0.127866	11,507	
Distribution Charge (Apr - Oct.)	166,293	Therms	0.095294	15,847	0.097866	16,274	
CIRT Revenues				-		-	
Total Base Revenues				\$ 44,593		\$ 45,252	1.5%

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
BASE AND TOTAL REVENUES AT PRESENT AND PROPOSED RATES**

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective Dec 1, 2016)</u>		<u>Proposed Rates (Effective Oct 1, 2017)</u>		
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
			<u>EGS-LV</u>		<u>EGS-LV</u>		
<u>Electric Generation Service - Large Volume</u>							
Customer Charge	24	Bills	\$ 180.00	51,840	\$ 180.00	51,840	
Demand Charge	22,800	Mcf	20.710978	472,210	21.050688	479,956	
Distribution Charge	3,373,811	Therms	-	-	-	-	
CIRT Revenues				-		-	
Total Base Revenues				\$ 524,050		\$ 531,796	1.5%

<u>Natural Gas Vehicle Service</u>							
			<u>NGV</u>		<u>NGV</u>		
Cust. Charge 0-999 CFH	12	Bills	\$ 37.50	\$ 450	\$ 37.50	\$ 450	
Cust. Charge 1,000-4,999 CFH	35	Bills	75.00	31,500	75.00	31,500	
Cust. Charge 5,000-24,999 CFH	12	Bills	200.00	28,800	200.00	28,800	
Cust. Charge 25,000+ CFH	36	Bills	600.00	259,200	600.00	259,200	
Distribution Charge	1,206,617	Therms	0.164072	197,972	0.170416	205,627	
Subtotal Distribution				\$ 517,922		\$ 525,577	1.5%
Compression Charge	663,510	Therms	0.5428	360,133	0.5428	360,133	
Total Base Revenues				\$ 878,055		\$ 885,710	

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP")
BASE AND TOTAL REVENUES AT PRESENT AND PROPOSED RATES**

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective Dec 1, 2016)</u>		<u>Proposed Rates (Effective Oct 1, 2017)</u>		
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
			<u>GLS</u>		<u>GLS</u>		
<u>Gas Lights Service</u>							
Yard Lights		12 Mantles	\$ 7.723363	\$ 1,112	\$ 7.837513	\$ 1,129	
Street Lights		431 Mantles	\$ 8.325900	43,062	\$ 8.448956	43,698	
Total Base Revenues				\$ 44,174		\$ 44,827	1.5%

TOTAL SYSTEM BASE DISTRIBUTION REVENUES	\$ 252,589,190	\$ 256,317,204	1.5%
------------------------------------------------	-----------------------	-----------------------	-------------

TOTAL SYSTEM INCLUDING OTHER REVENUES	\$ 252,589,190	\$ 256,317,204	1.5%
----------------------------------------------	-----------------------	-----------------------	-------------

INCREASE	3,728,014
TARGET INCREASE	<u>3,727,907</u>
Difference	\$107

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 6
Superseding Ninth Revised Sheet No. 6**

RESIDENTIAL SERVICE (RSG)

APPLICABLE TO USE OF SERVICE FOR:

All residential purposes. Customer may elect Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service RSG, a customer must hold clear and marketable title to gas that is made available for delivery to the customer's residence on the Company's system.

CHARACTER OF SERVICE Firm Sales Service and Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge: \$9.618800 per month

Delivery Charge:

(a) All consumption for customers who elected to transfer from Firm Sales Service to Firm Transportation Service \$~~.685710~~~~674807~~ per therm

(b) All consumption for customers who elect Firm Sales Service \$~~.685710~~~~674807~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service. See Rider "A" of this Tariff.

APPLICABLE RIDERS:

Basic Gas Supply Service Clause: BGSS charges are depicted in Rider "A" of this Tariff.

Transportation Initiation Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "C" of this Tariff.

Societal Benefits Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Temperature Adjustment Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff.

1) Please refer to Appendix A for components of Monthly Rates and Price to Compare

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 10
Superseding Ninth Revised Sheet No. 10**

GENERAL SERVICE (GSG)

APPLICABLE TO USE OF SERVICE FOR:

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule. A customer qualifying for service under Rate Schedule GSG may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$29.123400 per month

Delivery Charges:

- (a) All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service

All therms \$~~.563385555208~~ per therm

- (b) All consumption for customers who elect Firm Sales Service

All therms \$~~.563385555208~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service

See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (o).

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 14
Superseding Ninth Revised Sheet No. 14**

GENERAL SERVICE – LARGE VOLUME (GSG-LV)

APPLICABLE TO USE OF SERVICE FOR:

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule (other than Rate Schedule GSG), and who has an annualized usage of 100,000 therms or more,. A customer qualifying for service under Rate Schedule GSG-LV may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG-LV, a customer must hold clear and marketable title to gas that is made available for delivery to customer’s facility on the Company’s system.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$160.312500 per month

Delivery Charges:

- (a) All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service ⁽²⁾

Demand Charge:

D-1FT: \$9.618800 per Mcf of Contract Demand

Volumetric Charge:

C-1FT: \$.~~349538344683~~ per therm

- (b) All consumption for customers who elect Firm Sales Service

Demand Charge:

D-1: \$9.618800 per Mcf of Contract Demand

Volumetric Charge:

C-1: \$.~~349538344683~~ per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare.

⁽²⁾ See Special Provision (p) of this Rate Schedule GSG-LV, regarding appropriate balancing charges.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 19
Superseding Ninth Revised Sheet No. 19**

COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

APPLICABLE TO USE OF SERVICE FOR:

All customers having a Firm Contract Demand, and an average annual daily Firm usage of 100 Mcf per day or more. To be eligible for service under this Rate Schedule CTS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system. Provided, however, that any customer receiving service under this Rate Schedule CTS prior to August 29, 2003 shall continue to be eligible to receive service under this Rate Schedule CTS, notwithstanding the foregoing, if said customers continues to have a Firm Contract Demand of 100 Mcf per day or more. Further provided, however, that if a customer ceases to receive service under this Rate Schedule CTS, and seeks to return to service under this Rate Schedule CTS, said customer must meet all requirements for eligibility as though applying for service in the first instance.

CHARACTER OF SERVICE:

Firm Transportation Service and Limited Firm Transportation Service

MONTHLY RATE: ⁽¹⁾

Firm:

Customer Charge: \$641.250000 per month

Delivery Charges:

Demand Charge: D-1FT: \$29.306500 per Mcf of Contract Demand

Volumetric Charges:

C-1FT:

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service \$.094597091352 per therm

Limited Firm:

Customer Charge: \$106.875000 per month

Delivery Charges:

Volumetric Charges:

C-1FT:

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service \$.102871 per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 27
Superseding Ninth Revised Sheet No. 27**

LARGE VOLUME SERVICE (LVS)

APPLICABLE TO USE OF SERVICE FOR:

Firm Sales Service and Firm Transportation Service pursuant to this Rate Schedule LVS, shall be available to all Industrial Customers with a Contract Demand and a minimum annualized average use of 200 Mcf per day. To be eligible for Firm Transportation Service under this Rate Schedule LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service, Limited Firm Sales Service, Firm Transportation Service, and Limited Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Firm:

Customer Charge:

\$961.875000 per month

Delivery Charge:

- (a) All consumption for customers who elected to transfer from Firm Sales Service to Firm Transportation Service

Demand Charge:

D-1FT: \$15.907500 per Mcf of Contract Demand

Volumetric Charge:

C-1FT: \$.~~085148083522~~ per therm

- (b) All consumption for customers who elect Firm Sales Service

Demand Charge:

D-1: \$15.907500 per Mcf of Contract Demand

Volumetric Charge:

C-1: \$.~~085148083522~~ per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 40
Superseding Ninth Revised Sheet No. 40**

ELECTRIC GENERATION SERVICE (EGS)

APPLICABLE TO USE OF SERVICE FOR:

Residential, commercial and industrial uses for electric generation facilities; all Prime Movers; and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS, a customer must have a Firm Daily Contract Demand of less than 200 Mcf per day; provided, however, that a residential EGS customer will have no Firm Daily Contract Demand. To be eligible for Firm Transportation Service under this Rate Schedule EGS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service and Firm Transportation Service

MONTHLY RATE: ⁽¹⁾⁽²⁾

Residential Customer Charge:

\$9.618800 per month

Residential Delivery Charge

Residential Volumetric Charge:

\$0.221371 per therm

Commercial and Industrial Customer Charge:

\$26.718800 per month

Commercial and Industrial Delivery Charge:

Commercial and Industrial Demand Charge:

D-1 Charge:

\$6.946900 per Mcf of contract

Volumetric Charges:

Winter Season (effective during billing months of November through March):

All Consumption for Firm Sales Service

\$~~227528224779~~ per therm

All Consumption for Firm Transportation Service

\$~~227528224779~~ per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ See Special Provision (k) of this Rate Schedule EGS, regarding appropriate balancing charges.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 41
Superseding Ninth Revised Sheet No. 41**

ELECTRIC GENERATION SERVICE (EGS)
(Continued)

Summer Season (effective during billing months of April through October):

All Consumption for Firm Sales Service \$ ~~195465192716~~ per therm

All Consumption for Firm Transportation Service \$ ~~195465192716~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

All Consumption See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (p).

APPLICABLE RIDERS:

- | | |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Gas Supply Service Clause: | BGSS charges are depicted in Rider "A" of this Tariff. |
| Societal Benefits Clause: | The rates set forth above have been adjusted, pursuant to Rider "E" of this Tariff. |
| Balancing Service Clause | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "J" of this Tariff. However, also see Special Provision (k) regarding Rider "I". |
| Energy Efficiency Tracker: | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "N" of this Tariff. |

TERMS OF PAYMENT:

Payment of all bills must be received in full at the Company's designated office within fifteen (15) days of the billing date; provided however, the Company shall take into account any postal service delays of which the Company is advised. If the fifteenth (15th) day falls on a non-business day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company may, beginning on the twenty-sixth (26th) day, assess simple interest at a rate equal to the prime rate as published in the Money Rates column in The Wall Street Journal. A late payment charge shall not be assessed on a residential customer, or on State, county or municipal government entities.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 45
Superseding Ninth Revised Sheet No. 45**

ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)

APPLICABLE TO USE OF SERVICE FOR:

All commercial and industrial electric generation facilities; all Prime Movers and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS-LV, a customer must have a Firm Daily Contract Demand of 200 Mcf per day or more. To be eligible for Firm Transportation Service under this Rate Schedule EGS-LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer’s facility on the Company’s system.

CHARACTER OF SERVICE:

Firm Sales Service, Firm Transportation Service, Limited Firm Sales Service and Limited Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$192.3750 per month

FIRM:

Demand Charges: ⁽²⁾

D-1 ~~\$22.49792322-134858~~ per Mcf of Firm Daily Contract Demand.

D-2 \$15.563489 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

Volumetric Charge:

C-1: \$.040471 per therm of consumption

C-2: As depicted in the Monthly BGSS Subrider of Rider “A” of this Tariff, OR Customer Owned Gas Clause, Rider “D”

Minimum Bill: Monthly D-1 and D-2 charges, irrespective of use.

LIMITED FIRM:

Demand Charge:

D-2 \$7.970128 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

Volumetric Charge: ⁽²⁾

C-1: \$.040471 per therm of consumption

C-2: As depicted in the Monthly BGSS Subrider of Rider “A” of this Tariff, OR Customer Owned Gas Clause, Rider “D”

C-3 \$.174100 per therm for all consumption within Limited Firm Contract Demand level.¹

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ Please refer to Special Provision (j).

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Fifth Revised Sheet No. 51
Superseding Fourth Revised Sheet No. 51**

YARD LIGHTING SERVICE (YLS)

APPLICABLE TO USE OF SERVICE FOR:

Gas yard lighting where service is supplied through an installation furnished by the customer and approved by the Company. Each installation shall contain 1 upright mantle or 2 inverted mantles.

This rate is available only to an existing customer receiving service under this Rate Schedule, YLS, and not having other metered Service at the customer's present location as of the effective date of this Tariff.

CHARACTER OF SERVICE:

Firm Sales Service.

MONTHLY RATE:

The monthly charge shall be \$~~13.331922~~~~13.209924~~ per month for each installation.

TERMS OF PAYMENT:

Payment of all bills must be received in full at the Company's designated office within ten (10) days of the billing date.

TERM:

Customer may discontinue service upon adequate written notice to the Company.

TERMS AND CONDITIONS:

The General Terms and Conditions of this Tariff are incorporated into this rate schedule and this rate schedule shall be interpreted in accordance therewith.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Fifth Revised Sheet No. 52
Superseding Fourth Revised Sheet No. 52**

STREET LIGHTING SERVICE (SLS)

APPLICABLE TO USE OF SERVICE FOR:

Gas Street lighting where service is supplied through an installation approved by the Company. Each installation shall contain three (3) inverted mantles.

This rate is available only to an existing customer receiving service under this Rate Schedule, SLS, and not having other metered service at the customer's present location as of the effective date of this Tariff.

CHARACTER OF SERVICE:

Firm Sales Service.

MONTHLY RATE:

The Monthly Rate shall be \$~~16.463192~~~~16.331676~~ per month for each installation.

TERMS OF PAYMENT:

Payment of all bills must be received in full at the Company's designated office within ten (10) days of the billing date.

TERM:

Customer may discontinue service upon adequate written notice to the Company.

TERMS AND CONDITIONS:

The General Terms and Conditions of this Tariff are incorporated into this rate schedule and this rate schedule shall be interpreted in accordance therewith.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 62
Superseding Ninth Revised Sheet No. 62**

NATURAL GAS VEHICLE (NGV)

APPLICABLE TO:

This service will be available to Commercial and Industrial customers who will utilize natural gas, for the purpose of providing vehicle fuel at Company-operated fueling stations or at separately metered customer-operated fueling stations.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service

COMPRESSED NATURAL GAS VEHICLE SERVICE AT COMPANY OPERATED FUELING STATIONS

This part of the service is available for refueling vehicles with compressed natural gas to customers who refuel at Company operated fueling stations. All service at Company operated fueling stations shall be Firm Sales Service. Provided, however, that in the Company's sole discretion, it may allow for Firm Transportation service for a Customer-specific dedicated dispenser or time fill system (separately metered) at a Company operated fueling station.

Rate for Monthly Consumption

Volumetric Charge

C-1: \$0.040471 per therm (\$0.050589 GGE*)

Distribution Charge: \$0.~~182533475738~~ per therm (\$0.~~228166249672~~ GGE*)

Compression Charge: \$0.581360 per therm (\$0.726700 GGE*)

Commodity Charges

All consumption for customers who elected Firm Sales Service

Basic Gas Supply Service ("BGSS") Charge:

See Rider "A" of this Tariff.
BGSS rate * GGE Factor 1.25 = GGE

GGE indicates Gasoline Gallon Equivalent. The gasoline gallon equivalent shall be determined in accordance with local standards. The point of sale price to the Customer shall be displayed in gasoline gallon equivalents at public access dispensers at Company operated fueling stations, and shall be calculated as C-1 + Distribution Charge + Compression Charge + New Jersey Motor Vehicle Fuel Tax + Federal Excise Tax + BGSS.

Commodity charges do not include State of New Jersey Motor vehicle fuel tax and Federal Excise Tax. As of July 1, 2011 these taxes were \$0.0525 and \$0.183 per gallon, respectively and shall be charged at the prevailing rate when applicable. The Company is under no obligation to determine if a customer is exempt from taxation.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 63
Superseding Ninth Revised Sheet No. 63**

**NATURAL GAS VEHICLE (NGV)
(continued)**

NATURAL GAS VEHICLE SERVICE AT CUSTOMER OPERATED FUELING STATIONS

This part of the service is available for the sale of separately metered uncompressed gas for the use of the customer solely as a vehicle fuel as follows:

The customer agrees to obtain and maintain, at its expense, all necessary certificates, licenses and regulatory approvals and pay all taxes levied on the gas compressed for refueling the customer's vehicles;

If the customer provides natural gas for resale as a motor fuel, the customer will be responsible for collecting and paying all applicable taxes on the gas compressed for resale and on the sale thereof and for the metering of such sale in accordance with local standards and regulations; and

The customer must execute a Standard Gas Service Agreement (NGV) for not less than 12 months and must produce evidence of Land Rights.

Rate for Monthly Consumption

Monthly Customer Charge

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$40.078100
1,000-4,999 Cf/hour	\$80.156300
5,000-24,999 Cf/hour	\$213.750000
25,000 and greater Cf/hour	\$641.250000

Volumetric Charges

C-1: \$0.040471 per therm (\$0.050589 GGE)

Distribution Charge: \$0.~~182533475738~~ per therm (\$0.~~228166249672~~ GGE)

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service See Rider "A" of this Tariff.

The customer shall pay all related motor vehicle taxes directly to the taxing entity. Such taxes shall be incremental to charges paid to the Company for the cost of receiving service under this rate schedule.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Tenth Revised Sheet No. 64
Superseding Ninth Revised Sheet No. 64**

**NATURAL GAS VEHICLE (NGV)
(continued)**

DELIVERY SERVICE FOR NATURAL GAS VEHICLES

This part of service is available for delivery of customer owned natural gas for use in compression and dispensing equipment at the Customer's premises, as follows:

The customer must purchase under a contract with an initial term of not less than one year an adequate supply of natural gas of a quality acceptable to the Company, and must make arrangements by which such volumes of natural gas can be delivered into the Company's distribution system at the Customer's expense.

By taking service under this part, the Customer warrants that it has good and legal title to all gas supplied to the Company, and agrees to indemnify, defend and hold the Company harmless from any loss, claims or damages in regard to such title.

Rate for Delivery Service

Monthly Customer Charge

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$40.078100
1,000-4,999 Cf/hour	\$80.156300
5,000-24,999 Cf/hour	\$213.750000
25,000 and greater Cf/hour	\$641.250000

Volumetric Charge

C-1: \$0.040471 per therm (\$0.050589 GGE)

Distribution Charge: \$0.~~182533175738~~ per therm (\$0.~~228166219672~~ GGE)

Sales taxes are not included in the above basic charges. The Company is under no obligation to determine if a customer is exempt from taxation. Customers seeking tax exemption must file verification with the Company.

APPLICABLE RIDERS FOR COMPANY OWNED AND CUSTOMER OWNED STATIONS:

Basic Gas Supply Service Clause: BGSS charges are depicted in Rider "A" of this Tariff for Firm Sales Service.

Societal Benefits Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Balancing Service Clause: All gas transported under this Rate Schedule NGV is subject to balancing requirements pursuant to Rider "I" or Rider "J" of this Tariff.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Fourth Revised Sheet No. 106
Superseding Third Revised Sheet No. 106**

CONSERVATION INCENTIVE PROGRAM (CIP)
(Continued)

rounded to the nearest whole number. Similarly, the Incremental Large Customer Count Adjustment for the GSG-LV customer class for the applicable month shall equal the aggregate connected load for all new active customers that exceed the 50,000 CFH threshold divided by 25,000 CFH, rounded to the nearest whole number.

- (ix) **Margin Revenue Factor** – the Margin Revenue Factor (“MRF”) shall be the base rate, as reflected in Appendix A to this Tariff, applicable to the Customer Class Groups to which the CIP applies, net of any applicable Riders, including taxes. The MRFs by Customer Class Group are as follows:

Group I (RSG non-heating):	\$0. 557519547317 per therm
Group II (RSG heating):	\$0. 557519547317 per therm
Group III (GSG):	\$0. 443062435411 per therm
Group IV (GSG-LV):	\$0. 242972238429 per therm

- (i) The annual filing for the adjustment to the CIP rate shall be concurrent with the annual filing for BGSS. The CIP factor shall be credited/collected on a per therm basis within the Delivery Charge for all service classifications stated above. The level of BGSS savings referenced in Special Provision (d) to this Rider “M” shall be identified in the annual CIP filing, and serve as an offset to the non-weather related portion of the CIP charge provided in Special Provision (g) to this Rider “M”. The Periodic and Monthly BGSS rates identified in Rider “A” to this tariff shall include the BGSS savings, as applicable.

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SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective

	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
RESIDENTIAL GAS SERVICE (RSG)						
RESIDENTIAL FIRM TRANS SERV (RSG FTS) - HEAT CUSTOMER						
Customer Charge	9.000000				0.618800	9.618800
CIP			0.068086	0.000150	0.004691	0.072927
Delivery Charge:						
COST OF SERVICE	0.557519		(0.000942)	(0.000002)	0.038329	0.595848
TIC					(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
			0.033560	0.000048	0.002292	0.035900
Total SBC						
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1		0.047100		0.000100	0.003200	0.050400
BSC "J" BUY-OUT PRICE - Rate set monthly	0.557519	0.047100	0.036886	0.000155	0.044050	0.685710
Total						
RESIDENTIAL FIRM SALES SERV (RSG FSS) - HEAT CUSTOMER						
Customer Charge	9.000000				0.618800	9.618800
Basic Gas Supply Service (BGSS):		0.330770		0.000728	0.022790	0.354288
CIP			0.068086	0.000150	0.004691	0.072927
Delivery Charge:						
COST OF SERVICE	0.557519		(0.000942)	(0.000002)	0.038329	0.595848
TIC					(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
			0.033560	0.000048	0.002292	0.035900
Total SBC						
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1		0.047100		0.000100	0.003200	0.050400
Total	0.557519	0.047100	0.036886	0.000155	0.044050	0.685710

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective _____

<u>RESIDENTIAL FIRM TRANS SERV (RSG FTS) - NONHEAT CUSTOMER</u>	BASE RATE	BGSS	OTHER RIDERS	PUA	NJ SALES TAX	TARIFF RATE
Customer Charge	9.000000				0.618800	9.618800
CIP			0.024831	0.000055	0.001711	0.026597
Delivery Charge:						
COST OF SERVICE	0.557519		(0.000942)	(0.000002)	0.038329	0.595848
TIC					(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1				0.000100	0.0003200	0.050400
BSC "J" BUY-OUT PRICE - Rate set monthly	0.047100					
Total	0.557519	0.047100	0.036886	0.000155	0.044050	0.685710
 <u>RESIDENTIAL FIRM SALES SERV (RSG FSS) - NONHEAT CUSTOMER</u>						
Customer Charge	9.000000				0.618800	9.618800
Basic Gas Supply Service (BGSS):		0.330770		0.000728	0.022790	0.354288
CIP			0.024831	0.000055	0.001711	0.026597
Delivery Charge:						
COST OF SERVICE	0.557519		(0.000942)	(0.000002)	0.038329	0.595848
TIC					(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1				0.000100	0.0003200	0.050400
Total	0.557519	0.047100	0.036886	0.000155	0.044050	0.685710

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<u>GENERAL SERVICE (GSG)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>GENERAL SERVICE FIRM TRANS. (GSG FTS)</u>						
Customer Charge	27.250000				1.873400	29.123400
CIP			0.054396	0.000120	0.003748	0.058264
Delivery Charge:						
COST OF SERVICE	0.443062				0.030461	0.473523
TIC			(0.000942)	(0.000002)	(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1		0.047100		0.000100	0.003200	0.050400
BSC "J" BUY-OUT PRICE - Rate set monthly						
Total	0.443062	0.047100	0.036886	0.000155	0.036182	0.563385

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	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
GENERAL SERVICE FIRM SALES (GSG FSS)						
- Less than 5,000 Therms Annually						
Customer Charge	27.250000				1.873400	29.123400
CIP			0.054396	0.000120	0.003748	0.056264
Basic Gas Supply Service (BGSS):		0.330770		0.000728	0.022790	0.354288
Delivery Charge:						
COST OF SERVICE	0.443062				0.030461	0.473523
TIC			(0.000942)	(0.000002)	(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1	0.047100			0.000100	0.003200	0.050400
Total	0.443062	0.047100	0.036886	0.000155	0.036182	0.563385
GENERAL SERVICE FIRM SALES (GSG FSS)						
- 5,000 Therms Annually or Greater						
Customer Charge	27.250000				1.873400	29.123400
Basic Gas Supply Service (BGSS):						
CIP			0.054396	0.000120	0.003748	0.056264
Delivery Charge:						
COST OF SERVICE	0.443062				0.030461	0.473523
TIC			(0.000942)	(0.000002)	(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.004268	0.000009	0.000294	0.004571
BSC "J" BS-1	0.047100			0.000100	0.003200	0.050400
Total	0.443062	0.047100	0.036886	0.000155	0.036182	0.563385

RATE SET MONTHLY

GENERAL SERVICE-LV (GSG-LV)

GENERAL SERVICE- LV FTS (GSG-LV-FT)

	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	150.000000				10.312500	160.312500
D-1 Demand Charge	9.000000				0.618800	9.618800
CIP			0.016484	0.000036	0.001136	0.017656
Delivery Charge: COST OF SERVICE	0.242972				0.016704	0.259676
TIC			(0.000942)	(0.000002)	(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
USF			0.033560	0.000048	0.002292	0.035900
Total SBC			0.000000	0.000000	0.000000	0.000000
TAC			0.004268	0.000009	0.000294	0.004571
EET		0.047100			0.003200	0.050400
BSC "J" BS-1						
BSC "J" BUY-OUT PRICE - Rate set monthly	0.242972	0.047100	0.036886	0.000155	0.022425	0.349538
Total						

GENERAL SERVICE FIRM SALES- LV (GSG-LV FSS)

	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	150.000000				10.312500	160.312500
D-1 Demand Charge	9.000000				0.618800	9.618800
Basic Gas Supply Service (BGSS):						
CIP			0.016484	0.000036	0.001136	0.017656
Delivery Charge: COST OF SERVICE	0.242972				0.016704	0.259676
TIC			(0.000942)	(0.000002)	(0.000065)	(0.001009)
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
USF			0.033560	0.000048	0.002292	0.035900
Total SBC			0.000000	0.000000	0.000000	0.000000
TAC			0.004268	0.000009	0.000294	0.004571
EET		0.047100			0.003200	0.050400
BSC "J" BS-1						
Total	0.242972	0.047100	0.036886	0.000155	0.022425	0.349538

RATE SET MONTHLY

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COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

COMPREHENSIVE FIRM TRANS SERV (CTS FTS)

	BASE RATE	BGSS	OTHER RIDERS	PUA	NJ SALES TAX	TARIFF RATE
Firm						
Customer Charge	600.000000				41.250000	641.250000
Delivery Charge:						
D-1 DEMAND CHARGE	27.421300				1.885200	29.306500
C-1 FT VOLUMETRIC CHARGE:						
C-1 COST OF SERVICE	0.050644				0.003482	0.054126
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE	0.050644		0.037828	0.000057	0.006068	0.094597
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
BUY-OUT PRICE						RATE SET MONTHLY
Limited Firm						
Customer Charge	100.000000				6.875000	106.875000
Delivery Charge:						
C-1 FT VOLUMETRIC CHARGE:						
C-1 COST OF SERVICE	0.058400				0.004000	0.062400
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE	0.058400		0.037828	0.000057	0.006586	0.102871
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
BUY-OUT PRICE						RATE SET MONTHLY

LARGE VOLUME SERVICE (LVS)

LARGE VOLUME FIRM TRANS SERV (LVS FTS)

<u>Firm</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	900.000000				61.875000	961.875000
Delivery Charge:						
D-1 DEMAND CHARGE	14.884200				1.023300	15.907500
C-1 VOLUMETRIC CHARGE:						
C-1 COST OF SERVICE	0.041803				0.002874	0.044677
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE	0.041803		0.037828	0.000057	0.005460	0.085148
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
BS-C "I" CASH OUT CHARGE/(CREDIT)						RATE SET MONTHLY
Limited Firm						
Customer Charge	100.000000				6.875000	106.875000
Delivery Charge:						
C-1 FT VOLUMETRIC CHARGE:						
C-1 COST OF SERVICE	0.094600				0.006500	0.101100
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE	0.094600		0.037828	0.000057	0.009086	0.141571
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
BUY-OUT PRICE						RATE SET MONTHLY

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LARGE VOLUME FIRM SALES SERV (LVS FSS)	BASE RATE	BGSS	OTHER RIDERS	PUA	NJ SALES TAX	TARIFF RATE
Customer Charge	900.000000				61.875000	961.875000
Basic Gas Supply Service (BGSS):						RATE SET MONTHLY
C-2 BGSS						
D-2 DEMAND CHARGE		14.882120		0.032741	1.025397	15.940257
Delivery Charge:						
D-1 DEMAND CHARGE	14.884200				1.023300	15.907500
C-1 VOLUMETRIC CHARGE:						
C-1 COST OF SERVICE	0.041803				0.002874	0.044677
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE	0.041803	0.000000	0.037828	0.000057	0.005460	0.085148
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
Limited Firm						
Customer Charge	100.000000				6.875000	106.875000
Delivery Charge:						
C-1 FT. VOLUMETRIC CHARGE:						
C-1 COST OF SERVICE	0.094600				0.006500	0.101100
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE	0.0946	0.000000	0.037828	0.000057	0.009086	0.141571
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
BUY-OUT PRICE						RATE SET MONTHLY

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<u>ELECTRIC GENERATION SERVICE (EGS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Commercial/Industrial						
Customer Charge	25.000000				1.718800	26.718800
D-1 DEMAND	6.500000				0.446900	6.946900
Basic Gas Supply Service (BGSS):						RATE SET MONTHLY
Delivery Charge - Winter Season (Nov - Mar)	0.127866				0.008791	0.136657
COST OF SERVICE						
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
Balancing Charge BSC"J" BS-1	0.047100			0.000100	0.003200	0.050400
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE (FSS & FTS)	0.127866	0.047100	0.037828	0.000157	0.014577	0.227528
Delivery Charge - Summer Season (Apr - Oct)	0.097866				0.006728	0.104594
COST OF SERVICE						
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
Balancing Charge BSC"J" BS-1	0.047100			0.000009	0.000294	0.004571
EET			0.004268	0.000100	0.003200	0.050400
Total C-1 VOLUMETRIC CHARGE (FSS & FTS)	0.097866	0.047100	0.037828	0.000157	0.012514	0.195465

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<u>ELECTRIC GENERATION SERVICE (EGS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>Residential</u>						
Customer Charge	9.000000				0.618800	9.618800
Basic Gas Supply Service (BGSS):		0.330770		0.000728	0.022790	0.354288
Delivery Charge	0.122100				0.008400	0.130500
COST OF SERVICE						
SBC:						
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
Balancing Charge BSC"J" BS-1		0.047100		0.000100	0.003200	0.050400
Total C-1 VOLUMETRIC CHARGE (FSS & FTS)	0.122100	0.047100	0.037828	0.000157	0.014186	0.221371

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<u>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>Firm</u>						
Customer Charge	180.000000				12.375000	192.375000
D-1 DEMAND (Rate is negotiated. Shown here is the benchmark rate.)	21.050688				1.447235	22.497923
D-2 DEMAND BGSS(applicable to Sales Customers Only)		14.530362		0.031967	1.001160	15.563489
C-1 CLEP			0.011879	0.000026	0.000818	0.012723
C-1 RAC			0.009781	0.000022	0.000674	0.010477
C-1 USF			0.011900	0.000000	0.000800	0.012700
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE			0.037828	0.000057	0.002586	0.040471
C-2 BGSS						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)		0.011800		0.000000	0.000800	RATE SET MONTHLY
BS-1 ALL THERMS		0.002500		0.000000	0.000200	0.012600
BS-1 (Opt Out Provision) ALL THERMS						0.002700
<u>Limited Firm</u>						
D-2 DEMAND BGSS(applicable to Sales Customers Only)		7.441060		0.016370	0.512698	7.970128
C-1 CLEP			0.011879	0.000026	0.000818	0.012723
C-1 RAC			0.009781	0.000022	0.000674	0.010477
C-1 USF			0.011900	0.000000	0.000800	0.012700
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE			0.037828	0.000057	0.002586	0.040471
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)	0.162900				0.011200	0.174100
C-2 BGSS						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)		0.011800		0.000000	0.000800	RATE SET MONTHLY
BS-1 ALL THERMS		0.002500		0.000000	0.000200	0.012600
BS-1 (Opt Out Provision) ALL THERMS						0.002700

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<u>FIRM ELECTRIC SALES (FES)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Winter						
D-1 DEMAND (Rate is negotiated. Shown here is the benchmark rate.)	2.897200				0.199200	3.096400
D-2 DEMAND BGSS(applicable to Sales Customers Only)		7.441060		0.016370	0.512698	7.970128
C-1 CLEP			0.011879	0.000026	0.000818	0.012723
C-1 RAC			0.009781	0.000022	0.000674	0.010477
C-1 USF			0.011900	0.000000	0.000800	0.012700
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE			0.037828	0.000057	0.002586	0.040471
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)	0.162900				0.011200	0.174100
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)						RATE SET MONTHLY
C-2 BGSS/COGC						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)						RATE SET MONTHLY
Summer						
D-1 DEMAND (Rate is negotiated. Shown here is the benchmark rate.)	2.897200				0.199200	3.096400
D-2 DEMAND BGSS(applicable to Sales Customers Only)		7.441060		0.016370	0.512698	7.970128
C-1 CLEP			0.011879	0.000026	0.000818	0.012723
C-1 RAC			0.009781	0.000022	0.000674	0.010477
C-1 USF			0.011900	0.000000	0.000800	0.012700
EET			0.004268	0.000009	0.000294	0.004571
Total C-1 VOLUMETRIC CHARGE			0.037828	0.000057	0.002586	0.040471
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)	0.162900				0.011200	0.174100
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)						RATE SET MONTHLY
C-2 BGSS/COGC						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)						RATE SET MONTHLY

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<u>NATURAL GAS VEHICLE (NGV)</u>		Page 13	
<u>Company Operated Fueling Stations</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>RIDERS</u>
	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
C-1 CLEP	0.011879	0.00026	0.00018
C-1 RAC	0.009781	0.00022	0.000674
C-1 USF	0.011900	0.000000	0.012700
EET	0.004268	0.000009	0.004571
Total C-1 VOLUMETRIC CHARGE	0.000000	0.000057	0.040471
Distribution Charge:	0.170416	0.011742	0.182533
Compression Charge	0.542769	0.037397	0.581360
Basic Gas Supply Service (BGSS):			RATE SET MONTHLY
Rider "I" - BS-1 ALL THERMS	0.011800	0.000000	0.012600
Rider "I" - BS-1 (Opt Out Provision) ALL THERMS	0.002500	0.000000	0.002700
Rider "J" - BS-1	0.047100	0.000100	0.050400
Customer Operated Fueling Stations			
Service Charge			
0 - 999 CF/hour	37.500000	2.578100	40.078100
1,000 - 4,999 CF/hour	75.000000	5.156300	80.156300
5,000 - 24,999 CF/hour	200.000000	13.750000	213.750000
25,000 or Greater CF/hour	600.000000	41.250000	641.250000
C-1 CLEP	0.011879	0.00026	0.012723
C-1 RAC	0.009781	0.00022	0.010477
C-1 USF	0.011900	0.000000	0.012700
EET	0.004268	0.000009	0.004571
Total C-1 VOLUMETRIC CHARGE	0.000000	0.000057	0.040471
Distribution Charge:	0.170416	0.011742	0.182533
Basic Gas Supply Service: (applicable Sales Customers only)			RATE SET MONTHLY
Rider "I" - BS-1 ALL THERMS	0.011800	0.000000	0.012600
Rider "I" - BS-1 (Opt Out Provision) ALL THERMS	0.002500	0.000000	0.002700
Rider "J" - BS-1	0.047100	0.000100	0.050400

INTERRUPTIBLE SERVICE, YARD & STREET LIGHTING

	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
INTERRUPTIBLE TRANSPORTATION (ITS)						
SERVICE CHARGE						
TRANS CHARGE A						
SBC:	100.000000				6.875000	106.875000
CLEP	0.028400				0.002000	0.030400
RAC			0.011879	0.000026	0.000818	0.012723
USF			0.009781	0.000022	0.000674	0.010477
Total SBC:			0.011900	0.000000	0.000800	0.012700
EET			0.033560	0.000048	0.002292	0.035900
			0.004268	0.000009	0.000294	0.004571
TRANS CHARGE B						
SBC:	0.093200				0.006400	0.099600
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC:			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571
TRANS CHARGE C						
SBC:	0.153200				0.010500	0.163700
CLEP			0.011879	0.000026	0.000818	0.012723
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC:			0.033560	0.000048	0.002292	0.035900
EET			0.004268	0.000009	0.000294	0.004571

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective _____

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<u>INTERRUPTIBLE GAS SALES (IGS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Commodity						Rate Set Monthly
SBC:						
RAC			0.009781	0.000022	0.000674	0.010477
USF			0.011900	0.000000	0.000800	0.012700
Total SBC:			0.021681	0.000022	0.001474	0.023177
EET			0.004268	0.000009	0.000294	0.004571
<u>YARD LIGHTING SERVICE (YLS)</u>						
MONTHLY CHARGE / INSTALL	7.837513	4.636800			0.857609	13.331922
<u>STREET LIGHTING SERVICE (SLS)</u>						
MONTHLY CHARGE / INSTALL	8.448956	6.955200			1.059036	16.463192

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective _____

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Heat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.354288	0.000000	0.354288
Cost of Service	0.595848	0.595848	0.000000
CLEP	0.012723	0.012723	0.000000
RAC	0.010477	0.010477	0.000000
TAC	0.000000	0.000000	0.000000
CIP	0.072927	0.072927	0.000000
USF	0.012700	0.012700	0.000000
TIC	(0.001009)	(0.001009)	0.000000
EET	0.004571	0.004571	0.000000
BSC "J" BS-1	0.050400	0.050400	0.000000
Price to Compare	1.112925	0.758637	0.354288

NonHeat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.354288	0.000000	0.354288
CIP	0.026597	0.026597	0.000000
Cost of Service	0.595848	0.595848	0.000000
CLEP	0.012723	0.012723	0.000000
RAC	0.010477	0.010477	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.012700	0.012700	0.000000
TIC	(0.001009)	(0.001009)	0.000000
EET	0.004571	0.004571	0.000000
BSC "J" BS-1	0.050400	0.050400	0.000000
Price to Compare	1.066595	0.712307	0.354288

GSG
(Under 5,000 therms annually)

	GSG FSS	GSG-FTS	Difference
BGSS	0.354288	0.000000	0.354288
CIP	0.058264	0.058264	0.000000
Cost of Service	0.473523	0.473523	0.000000
CLEP	0.012723	0.012723	0.000000
RAC	0.010477	0.010477	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.012700	0.012700	0.000000
TIC	(0.001009)	(0.001009)	0.000000
EET	0.004571	0.004571	0.000000
BSC "J" BS-1	0.050400	0.050400	0.000000
Price to Compare	0.975937	0.621649	0.354288

GSG
(5,000 therms annually or greater)

	GSG FSS	GSG-FTS	Difference
BGSS	0.483073	0.000000	0.483073
CIP	0.058264	0.058264	0.000000
Cost of Service	0.473523	0.473523	0.000000
CLEP	0.012723	0.012723	0.000000
RAC	0.010477	0.010477	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.012700	0.012700	0.000000
TIC	(0.001009)	(0.001009)	0.000000
EET	0.004571	0.004571	0.000000
BSC "J" BS-1	0.050400	0.050400	0.000000
Price to Compare	1.104722	0.621649	0.483073

GSG-LV
Prior to 7/15/97

	GSG-LV FSS	GSG-LV-FTS	Difference
BGSS	0.483073	0.000000	0.483073
CIP	0.017656	0.017656	0.000000
Cost of Service	0.259676	0.259676	0.000000
CLEP	0.012723	0.012723	0.000000
RAC	0.010477	0.010477	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.012700	0.012700	0.000000
TIC	(0.001009)	(0.001009)	0.000000
EET	0.004571	0.004571	0.000000
BSC "J" BS-1	0.050400	0.050400	0.000000
Price to Compare	0.850267	0.367194	0.483073

SOUTH JERSEY GAS COMPANY
INCOME STATEMENT
FOR THREE MONTHS ENDING MARCH 31, 2017
(In Thousands)

Line No.		
1	OPERATING REVENUES	\$196,814
2		
3	OPERATING EXPENSE	
4	-----	
5	Cost of Sales	72,424
6	Operation	24,754
7	Maintenance	4,981
8	Depreciation	12,714
9	Other Taxes	<u>1,295</u>
10	Total Operating Expense	<u>116,168</u>
11		
12	OPERATING INCOME	<u>80,646</u>
13		
14	OTHER INCOME & EXPENSE NET	<u>1,621</u>
15		
16	INTEREST CHARGES	
17		
18	Long Term Debt	6,391
19	Short Term Debt & Other	<u>(513)</u>
20	Total Interest Charges	<u>5,878</u>
21		
22	Income Before Income Taxes	<u>76,389</u>
23		
24	INCOME TAXES	
25		
26	Current Fed & State Inc Taxes	993
27	Deferred Fed & State Inc Taxes	<u>28,918</u>
28	Total Income Taxes	<u>29,911</u>
29		
30	Income from Continuing Ops	<u><u>\$46,478</u></u>

SOUTH JERSEY GAS COMPANY
BALANCE SHEET - ASSETS
AS OF MARCH 31, 2017
(In Thousands)

Line		
No		
1	<u>PROPERTY, PLANT & EQUIPMENT</u>	
2	Utility Plant, original cost	\$2,479,091
3	Accum Deprec & Amortization	(476,774)
4	Property, Plant & Equip, Net	<u>2,002,317</u>
5		
6	<u>INVESTMENTS</u>	
7	Available for Sale Securities	-
8	Restricted Investments	<u>32</u>
9	Total Investments	<u>32</u>
10		
11	<u>CURRENT & ACCRUED ASSETS</u>	
12	Cash & Temp Cash Invest	4,255
13	Notes Receivable	-
14	Accounts Receivable	96,741
15	Accts Rec - Unbilled Revenue	37,085
16	Provision for Uncollectibles	(11,784)
17	Accts Rec - Assc Companies	788
18	Accts Rec - Affiliated Company	308
19	Nat Gas in Storage, Avg Cost	2,924
20	Materials & Supplies, Avg Cost	909
21	Accum Deferred Income Taxes	-
22	Prepaid Taxes	9,581
23	Derivatives-Energy Assets	3,107
24	Other Prepays & Current Asset	<u>13,345</u>
25	Total Current & Accr Assets	<u>157,259</u>
26		
27	<u>REGULATORY ASSETS:</u>	
28	Environmental Remed-Expended	79,206
29	Environmental Remed-Liability	157,577
30	Income Taxes-Flowthru Deprec	-
31	Deferred ARO Costs	43,100
32	Deferred Fuel Costs-Net	-
33	Deferred Postretirement Ben	-
34	CIP AR	30,977
35	Societal Benefits Costs	-
36	Premium for Early Debt Retire	-
37	Regulatory Assets - FAS 158	85,693
38	Other Regulatory Assets	21,352
39	MTM Interest Rate Swap	<u>7,085</u>
40	Total	<u>424,990</u>
41		
42	<u>NON-CURRENT ASSETS:</u>	
43	Accum Deferred Income Taxes	-
44	Prepaid Pension	-
45	Derivatives- Other	-
46	Unamortized Debt Issue Costs	-
47	AR-Merchandise	25,781
48	Der - N/C Energy Related Asset	
49	Other Non-Current Assets	<u>11,573</u>
50	Total Non-Current Assets	<u>37,354</u>
51		
52	Total Assets	<u>\$2,621,952</u>

SOUTH JERSEY GAS COMPANY
BALANCE SHEET - LIABILITIES
AS OF MARCH 31, 2017
(In Thousands)

Line No		
1	<u>COMMON EQUITY</u>	
2	Common Stk \$2.50 Par Value	\$5,848
3	Prem on Cap Stk & Misc PIC	355,744
4	Accumulated OCI	(14,927)
5	Retained Earnings	<u>579,758</u>
6	Total Common Equity	<u>926,423</u>
7		
8	LONG TERM DEBT	<u>694,351</u>
9		
10	<u>CURRENT & ACCRUED LIABILITIES:</u>	
11	Notes Payable to Banks	-
12	Current Maturities of LTD	15,909
13	AP-Commodity	18,044
14	AP-Other	47,084
15	Derivatives-Energy Liabilities	339
16	Derivatives - Other Current	371
16	Accts Payable to Assc Comp	11,513
17	A/P Affiliated Comp	254
18	Customer Deposits	36,927
19	Accum Deferred Income Taxes	-
20	Taxes Accrued	4,946
21	Pension & Postretirement Liability	2,428
22	Environmental Remediation Cost	53,736
23	Interest Accrued	5,681
24	Other Current Liabilities	<u>5,833</u>
25	Total Current & Accrued Liab	<u>203,065</u>
26		
27	<u>DEF CREDITS & NONCURRENT LIAB:</u>	
28	Pension & Other Post-Retir Ben	70,931
29	Accum Deferred Income Taxes	499,450
30	Investment Tax Credit	-
31	Environmental Remediation Cost	103,841
32	Asset Retirement Obligations	58,837
33	Der-N/C Energy Related Liabil	225
34	Derivatives-LT	6,714
35	Other NonCurrent Liabilities	<u>4,579</u>
36	Total NonCurrent Liabilities	<u>744,577</u>
37		
38	<u>REGULATORY LIABILITIES:</u>	
39	Deferred Revenues-Net	26,315
40	Excess Plant Removal Costs	27,143
41	Other Regulatory Liabiltiies	<u>78</u>
42	Total Regulatoy Liabilities	<u>53,536</u>
43		
44	Total Capital & Liabilities	<u>\$2,621,952</u>

**SOUTH JERSEY GAS COMPANY
SHARP AFUDC RATE
FOR THE MONTH JANUARY 2017**

	CWIP Balance	AFUDC @ STD (monthly)	Effective Rate for Month
Regular	59,052,583.41		
AIRP II	6,182,679.10		
SHARP	<u>14,715,730.61</u>	11,618.91	0.0790%
Totals	79,950,993.12		

ST Debt Balance..... 90,754,839
ST Debt Rate..... 0.9475%

**SOUTH JERSEY GAS COMPANY
SHARP AFUDC RATE
FOR THE MONTH FEBRUARY 2017**

	CWIP Balance	ST Debt	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	51,370,761.00	5,456,030.90				0.5458%
AIRP II	11,740,302.91	1,246,924.40				
SHARP	<u>17,054,416.25</u>	<u>1,811,330.42</u>	1,367.56	91,712.57	93,080.13	
Totals	80,165,480.16	8,514,285.71				

ST Debt Balance..... 8,514,286
ST Debt Rate..... 0.9060%

**SOUTH JERSEY GAS COMPANY
SHARP AFUDC RATE
FOR THE MONTH MARCH 2017**

	CWIP Balance	ST Debt	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	52,046,875.82	1,305,286.19				0.5887%
AIRP II	21,952,521.45	550,548.38				
SHARP	<u>20,604,691.28</u>	<u>516,746.08</u>	435.14	120,862.47	121,297.61	
Totals	94,604,088.55	2,372,580.65				

ST Debt Balance..... 2,372,581
ST Debt Rate..... 1.0105%