



Deborah M. Franco, Esq.  
Regulatory Affairs Counsel

April 30, 2019

**Electronic Filing & Overnight Mail**

Aida Camacho-Welch  
Office of the Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor  
P. O. Box 350  
Trenton, NJ 08625-0350

**Re: 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 II")**  
**BPU Docket No. \_\_\_\_\_**

Dear Ms. Camacho-Welch:

Enclosed, please find an original and two (2) copies of South Jersey Gas Company's Petition, Case Summary, Testimony and Schedules in the referenced matter, which have been filed electronically today through the Board's e-filing program.

If you have any questions, please feel free to contact me directly.

Respectfully,

A handwritten signature in dark ink, appearing to read "DMF", followed by a stylized flourish.

Deborah M. Franco

DMF:caj  
Enclosure

cc: Division of Law (2 Copies)  
Rate Counsel (5 Copies)

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

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

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**CASE SUMMARY, PETITION, TESTIMONY AND SCHEDULES**

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April 30, 2019

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

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

South Jersey Gas Company ("South Jersey," "Petitioner," or "Company") files this Petition for approval of base rate adjustments associated with the Company’s Storm Hardening and Reliability Program (“SHARP II”), which was approved by the Board on May 22, 2018 in Docket No. GO17111130. With the SHARP II, South Jersey is authorized to invest \$100.25 million over three (3) years to enhance the safety and reliability of its gas distribution system in coastal areas and mitigate the potential impacts of major storm events.

Cost recovery for SHARP II 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 II projects placed in service during the period June 1, 2018 through June 30, 2019, through a base rate adjustment to take effect on October 1, 2019.

If approved by the Board, the impact of the proposed base rate adjustment on the bill of an average residential heating customer using 100 therms in a winter month would be an increase of \$0.90, or 0.6%.

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

<b>IN THE MATTER OF THE PETITION OF</b>	<b>:</b>	<b>BPU DOCKET NO.</b>
<b>SOUTH JERSEY GAS COMPANY FOR</b>	<b>:</b>	
<b>APPROVAL OF BASE RATE</b>	<b>:</b>	<b>PETITION</b>
<b>ADJUSTMENTS PURSUANT TO THE</b>	<b>:</b>	
<b>STORM HARDENING AND RELIABILITY</b>	<b>:</b>	
<b>PROGRAM ("SHARP II")</b>	<b>:</b>	

**TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:**

Petitioner, South Jersey Gas Company ("South Jersey," "Petitioner," or the "Company"), a public utility corporation of the State of New Jersey, with its principal office at One South Jersey Place, Atlantic City, New Jersey, hereby petitions this Honorable Board ( the "Board") for base rate adjustments to provide for cost recovery associated with the Company's Storm Hardening and Reliability Program ("SHARP II"), which was approved by the Board on May 22, 2018 in Docket No. GO17111130. In support thereof, the Company states as follows:

**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 390,000 customers.

2.     South Jersey is subject to regulation by the Board ensuring that safe, adequate and proper natural gas service is provided to customers pursuant to N.J.S.A. 48:2-23.

3.     In furtherance of this responsibility, South Jersey is required to maintain its public utility infrastructure, including the property, plant, facilities and equipment that comprise South

Jersey's natural gas distribution and transmission systems, in such condition as to enable the provision of such service.

## **II. BACKGROUND**

4. On August 20, 2014, in Docket Nos. AX13030197 and GO13090814, the Board approved the Company's original Storm Hardening and Reliability Program ("SHARP I") as a three (3) year program commencing on July 1, 2014 and continuing until June 30, 2017 (the "SHARP I Order"). Pursuant to the SHARP I Order, the Company was authorized to invest approximately \$34.5 million per year, plus or minus 15%, excluding Allowance for Funds Used During Construction ("AFUDC"), for a total of \$103.5 million, 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 coastal regions.

5. On November 2, 2017, the Company petitioned the Board seeking approval to continue a second phase of SHARP I (hereinafter referred to as "SHARP II" or the "Program"), and to utilize an associated recovery mechanism to recover costs from ratepayers through an annual SHARP II rate adjustment filing.

6. After notice and public hearings, on March 15, 2018, the Company, Board Staff and the Division of Rate Counsel (collectively, the "Parties") entered into a Stipulation of Settlement ("SHARP II Stipulation") regarding the Program. By Order dated May 22, 2018 in Docket No. GO17111130, the Board approved SHARP II, including the authorized investments and cost recovery mechanism to be utilized.

7. The SHARP II Stipulation provided that SHARP II would include the Company's proposed pipeline looping projects, including Absecon Island Loop Project, Ocean City Loop

Project, and Brigantine Bridge Project, and installation of approximately 20,000 Excess Flow Values (“EFVs”) in coastal areas (“SHARP II Investments”).

8. The SHARP II Stipulation further provided that the Program would encompass a three (3) year period beginning June 1, 2018 and ending June 30, 2021. The costs of the Program were limited to \$100.25 million or \$33.4 million per year, plus or minus 15%, (the “Program Cost Cap”), excluding AFUDC.

9. The SHARP II Stipulation further provided that non-construction expenditures, such as planning and engineering of SHARP II projects incurred as of June 1, 2018, shall be included in SHARP II Investments for the first year of SHARP II.

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

### **III. REQUEST FOR COST RECOVERY OF SHARP II INVESTMENTS**

11. Through this Petition the Company seeks Board approval to recover the revenue requirements associated with SHARP II Investments placed in service from June 1, 2018 through June 30, 2019. The SHARP II Investments projected to be in service as of June 30, 2019 total \$28,308,921 million, excluding AFUDC. The Company further proposes a SHARP II Rate Adjustment to take place on October 1, 2019. The Schedules attached to the Direct Testimony of Stefany M. Graham, Manager, Rates and Regulatory Initiatives, set forth the calculation of the revenue requirement, which is calculated in accordance with the SHARP II Stipulation.

12. With this filing, the Company includes actual data through March 31, 2019 and projected data through June 30, 2019. The projected data for the period April 1, 2019 through June 30, 2019 will be replaced with actual data in an update filing to be made with the Board no later than July 15, 2019.

13. Pursuant to the Order approving the SHARP II 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, Docket No. GR17010071.

14. The impact of the proposed SHARP II Rate Adjustment on a residential heating customer using 100 therms in a winter month would be an increase of \$0.90, or 0.6%.

#### **IV. SUPPORTING TESTIMONY**

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

1. Brent W. Schomber, Vice President Construction and Shared Services, SJI Utilities, Inc.; and
2. Stefany M. Graham, Manager, Rates and Regulatory Initiatives, SJI Utilities, Inc.

#### **V. MINIMUM FILING REQUIREMENTS**

16. The parties to the SHARP II Stipulation agreed that the Company will provide, as part of its Annual Filings, certain Minimum Filing Requirements.

17. A summary of the Minimum Filing Requirements and their location in this filing is attached hereto as Exhibit A.

**VI. PUBLIC NOTICE**

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

19. 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**

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

21. South Jersey has 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



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By: Deborah M. Franco  
Regulatory Affairs Counsel  
SJI Utilities, Inc.

DATED: April 30, 2019



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

Deborah M. Franco  
Regulatory Affairs Counsel  
SJI Utilities, Inc.  
520 Green Lane  
Union, New Jersey 07083  
[dfranco@sjindustries.com](mailto:dfranco@sjindustries.com)

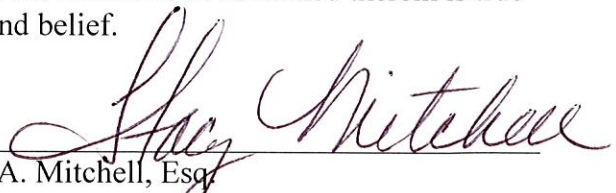
Stacy A. Mitchell, Esq.  
Vice President, Rates and Regulatory Affairs  
SJI Utilities, Inc.  
1 South Jersey Place  
Atlantic City, NJ 08401  
[smitchell@sjindustries.com](mailto:smitchell@sjindustries.com)

VERIFICATION

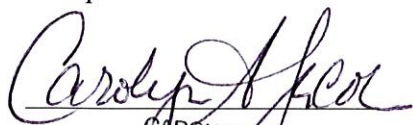
I, Stacy A. Mitchell, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Vice President, Rates and Regulatory Affairs of SJI Utilities Inc., the parent company to South Jersey Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.

2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Stacy A. Mitchell, Esq.  
Vice President, Rates and Regulatory Affairs

Sworn to and subscribed  
before me this 30th day  
of April 2019

  
\_\_\_\_\_  
CAROLYN A. JACOBS

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires October 28, 2023

**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 II")**

MINIMUM FILING REQUIREMENTS	REFERENCE
1) SJG's Income Statement for the most recent 12-month period, as filed with the BPU.	Schedule SMG-10: Income Statement
2) SJG's Balance Sheet for the most recent 12-month period, as filed with the BPU.	Schedule SMG-11: Balance Sheet
3) A calculation of the proposed rate adjustment based on details related to Program Projects included in Plant in Service. a. A calculation of the associated depreciation expense, based on projects closed to Plant in Service during the period.	Schedule SMG-1: Revenue Requirement Schedule SMG-3: Accumulated Depreciation Schedule SMG-4: ADIT Schedule SMG-5: WACC Schedule SMG-6: Depreciation Expense Schedule SMG-7: Revenue Factor Schedule SMG-8: Rate Design Schedule SMG-9: Tariff Sheets
4) A 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.	
5) 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.	Schedule SMG-2: AFUDC Rates
6) Draft form of Public Notice	Petition: Exhibit B
7) Projected Bill Impact	Petition & SMG Testimony
8) Copies of the current and all previously filed Quarterly Reports.	Schedule BS-1: Quarterly Reports

**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 II)  
DOCKET NO. GR\_\_\_\_\_**

**NOTICE IS HEREBY GIVEN** that, on April 30, 2019 South Jersey Gas Company (“South Jersey” or “Company”) filed a petition (Petition) with the New Jersey Board of Public Utilities (“Board”) seeking Board approval to increase base rates associated with the Company’s Storm Hardening and Reliability Program (“SHARP II”). The Board approved the SHARP II and the associated cost recovery mechanism on May 22, 2018 in Docket No. GO17111130 (“Order”). The Order authorized the Company to invest approximately \$100.25 million, over a three-year period commencing June 1, 2018 and ending June 30, 2021, to enhance the safety and reliability of the Company’s system through four (4) targeted projects within the coastal regions, including: (1) Excess Flow Valve Installations (“EFVs”); (2) the Absecon Island Loop Project; (3) the Ocean City Loop Project; and (4) the Brigantine Beach Project. The Order also authorized the Company to make annual filings with the Board to recover the costs associated with SHARP II investments and to earn a return of those investments through annual adjustments to base rates. This Petition seeks Board approval to recover the revenue requirements associated with SHARP II projects placed in-service from June 1, 2018 through June 30, 2019 which totaled \$28,308,921 million with an October 1, 2019 rate effective date. The purpose of the SHARP II program is to improve the safety, redundancy, resiliency and integrity of South Jersey’s gas distribution system infrastructure in coastal areas, making it less susceptible to storm damage.

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

**Residential Service (RSG)**

<b>Therm Level</b>	<b>Bill as of April 30, 2019<sup>(1)</sup></b>	<b>Bill as of October 1, 2019<sup>(2)</sup></b>	<b>Dollar Increase</b>	<b>Percent Increase</b>
25	\$46.47	\$46.69	\$0.22	0.5%
100	\$155.49	\$156.39	\$0.90	0.6%
200	\$300.84	\$302.64	\$1.80	0.6%

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

<b>Therm Level</b>	<b>Bill as of April 30, 2019<sup>(1)</sup></b>	<b>Bill as of October 1, 2019<sup>(2)</sup></b>	<b>Dollar Increase</b>	<b>Percent Increase</b>
500	\$699.23	\$702.81	\$3.58	0.5%
1,000	\$1,336.50	\$1,373.65	\$7.15	0.5%
2,000	\$2,701.05	\$2,715.34	\$14.29	0.5%

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS) charges in effect October 1, 2018 and assumes that the customer receives BGSS service from South Jersey Gas.

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

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 \$0.90 or 0.6% for a residential customer using 100 therms of gas during the winter months.

Pursuant to N.J.S.A. 48:3-1, any relief determined by the Board to be just and reasonable may be allocated to customers in such manner, and in such amounts or percentages, as the Board may deem appropriate. The Board may authorize an increase on any customer class or group or may exclude from increase any customer class or group, varying the percentage increase applicable. Therefore, the Board may approve a SHARP II base rate adjustment that is different than the rate proposed by South Jersey.

Copies of the Company's filing are available for inspection at the Company offices located at One South Jersey Place, Atlantic City, New Jersey 08401, or at the Board of Public Utilities, 44 South Clinton Avenue, 3<sup>rd</sup> Floor Suite 314, Trenton, New Jersey 08625-0350. The Company's filing may also be found on the South Jersey Gas Website at <https://www.southjerseygas.com/About-South-Jersey-Gas/Regulatory-Compliance-Tariff-Information.aspx>.

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

\_\_\_\_\_ at \_\_\_\_ PM and \_\_\_\_ PM  
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 make a statement of their views on the proposed increases. Such comments will be made a part of the final record. 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, 48 hours prior to this hearing. Written requests and comments may be submitted to the Board to: Aida Camacho, Secretary, Board of Public Utilities, 44 S. Clinton Avenue, 3<sup>rd</sup> Floor Suite 314, P.O. Box 350, Trenton, NJ 08625-0350.**

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

**BEFORE THE  
NEW JERSEY BOARD OF PUBLIC UTILITIES**

**DIRECT TESTIMONY**

**OF**

**BRENT W. SCHOMBER**

**Vice President Construction and Shared Services  
SJI Utilities, Inc.**

**On Behalf of  
South Jersey Gas Company**

**April 30, 2019**

1   **I. INTRODUCTION**

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

3   A. My name is Brent W. Schomber, and my business address is 1 South Jersey Place,  
4       Atlantic City, NJ 08401. I am Vice President of Construction and Shared Services for  
5       SJI Utilities, Inc. (“SJIU”). In this position, I am responsible for providing leadership  
6       and direction for all construction operations and shared services including, compliance  
7       and records, training and operator qualifications.

8   **Q. Please summarize your educational and professional background.**

9   A. I am a 1998 graduate of Rowan University with a Bachelor of Science degree in Criminal  
10       Justice. I began my career in 1998 with Utility Line Services, a subcontractor for South  
11       Jersey Gas (“SJG” or “Company”), where I worked in the field until 2001 and then in  
12       management from 2001 to 2007. I was then employed by SJG in 2007 and have held  
13       various management positions of increasing responsibility as follows: SJG Construction  
14       Supervisor from 2007 to 2009, SJG Manager from 2009 to 2012, SJG General Manager  
15       of Construction from 2012 to 2015, SJG Director of Construction from 2015 to 2017 and  
16       SJG Sr. Director of Construction from 2017 to 2018. In November 2018, I was promoted  
17       to my current position of Vice President SJIU, Construction and Shared Services.

18       I am a member of the American Gas Association and currently serve on the  
19       Construction Operations Committee. I am also a member of the Northeast Gas  
20       Association, and currently serve on the Operations Committee.

21   **Q. What is the purpose of your testimony?**

22   A. The purpose of my testimony is to (i) provide an overview of the SJG Storm Hardening  
23       and Reliability Program (“SHARP II”) which was approved by the Board of Public  
24       Utilities (“BPU” or the “Board”) by order dated May 22, 2018 in Docket No.

GO17111130 (“SHARP II Order”); (ii) describe the status of the SHARP II actual investments made from June 1, 2018 to March 31, 2019, and those which are projected to be made from April 1, 2019 through June 30, 2019, including the (a) Excess Flow Valve (“EFV”) installations, and (b) three looping projects that consist of the Absecon Island Loop Project, Ocean City Loop Project and Brigantine Bridge Project (collectively, the “Looping Projects”); (iii) discuss SJG’s base level of capital spending that is not recoverable through SHARP II (the “Stipulated Base”); (iv) address certain non-construction SHARP II expenditures; and (v) provide certain information responsive to the Minimum Filing Requirements (“MFRs”) required by the SHARP II Order.

## **II. OVERVIEW OF SHARP II**

### **Q. Please provide an overview of SHARP II.**

A. SHARP II represents the second phase of SJG’s SHARP I that was approved by the BPU in 2014 and ended in June 2017. Through SHARP I, which was a three-year \$103.5 million program, SJG replaced approximately 92 miles of low pressure main and 11,100 services with high pressure facilities in the coastal regions. Like the SHARP I investments, the SHARP II investments play a critical role in hardening the Company’s distribution system and mitigating the potentially devastating impacts of major storm events and extreme weather, with an emphasis on facilities located within the coastal areas.

In the SHARP II Order, the BPU authorized the Company to invest approximately \$100.25 million, excluding Allowance for Funds Used During Construction (“AFUDC”), over a three-year period commencing June 1, 2018 and ending June 30, 2021, to enhance the safety and reliability of the Company’s system through four targeted projects within



1 the coastal regions, including the EFV installations and the three Looping Projects noted  
2 above. The Looping Projects are designed to enhance the redundancy, reliability, safety  
3 and resiliency of SJG's distribution system within the barrier islands, making it less  
4 susceptible to storm damage and service interruptions. These three Projects are intended  
5 to provide redundant feeds to Ocean City, Brigantine, and Atlantic City to help ensure the  
6 continuation of natural gas service to the approximately 53,000 customers that are  
7 currently served by SJG in those areas in the event of a loss of either single feed line  
8 serving these communities. SHARP II investments may not exceed \$33.4 million per  
9 year, plus or minus fifteen percent (15%).

10 As required by the SHARP II Order, the SHARP II investments are incremental to  
11 the Company's typical capital budget. The Company's 2018-2019 Program Year capital  
12 budget, broken down by major categories, including both budgeted and actual  
13 information through March 31, 2019, is included in the SHARP II Quarterly Reports  
14 attached hereto as Schedule BS-1. These reports are being provided in compliance with  
15 the governing MFRs.

16 **III. STATUS OF SHARP II INVESTMENTS**

17 **Q. Please describe the status of the EFV projects during Year 1 of the SHARP II.**

18 A. For the period June 1, 2018 through March 31, 2019, the Company invested \$12,404,921,  
19 excluding AFUDC, and installed 3,599 EFVs located in the following areas: Atlantic  
20 City, Ocean City, Cape May, Brigantine, and Avalon. The Company anticipates that by  
21 June 30, 2019 it will have invested a total of \$31,420,921, excluding AFUDC, with  
22 \$28,308,921 million to be placed in-service as of June 30, 2019, related to the installation  
23 of 7,000 SHARP II EFVs. The original EFV installation projections for SHARP II and

the actual capital expenditures incurred through March 31, 2019, are summarized further in the SHARP II Quarterly Report attached hereto as Schedule BS-1.

**Q. Please describe the status of the Looping Projects.**

A. Actual results related to the Looping Projects for the period June 1, 2018 to March 31, 2019 and projections for the period April 1, 2019 to June 30, 2019 are as follows:

**Absecon Island**

For the period June 1, 2018 through March 31, 2019, the Company invested \$144,612, excluding AFUDC, while working toward substantial completion of the project's engineering/design phase. The Company anticipates a construction start date of October 2019 and an in-service date in Year 2 of the Program.

**Ocean City**

For the period June 1, 2018 through March 31, 2019, the Company invested \$187,835, excluding AFUDC, while working toward substantial completion of the project's engineering/design phase and initiation of the permitting phase. The Company anticipates a construction start date of February 2020 and an in-service date in Year 3 of the Program.

**Brigantine Bridge**

For the period June 1, 2018 through March 31, 2019, the Company invested \$100,199, excluding AFUDC, while working toward substantial completion of the project's engineering/design phase. The Company anticipates a construction start date of October 2020 and an in-service date in Year 3 of the Program.

1 The SHARP II Looping Project descriptions, capital expenditure projections, and actual  
2 capital expenditures incurred through March 31, 2019, are summarized further in the  
3 SHARP II Quarterly Report attached hereto as Schedule BS-1.

4 **IV. STATUS OF STIPULATED BASE INVESTMENTS**

5 **Q. Please provide an overview of the Company's Stipulated Base investments.**

6 A. Pursuant to the SHARP II Order, the Company is required to spend an additional \$10  
7 million over the three-year program that is not recoverable through SHARP II (the  
8 "Stipulated Base"). The Stipulated Base includes service replacements identified during  
9 the installation of EFVs in the coastal areas. The Company anticipates completion of the  
10 Stipulated Base requirement during the second year of the Program, ending June 30,  
11 2020.

12 Relatedly, as part of the Company's normal base capital spending, the Company  
13 is also required to complete all localized main replacements necessary to permit  
14 minimum pressure levels at all portions of each of the Looping Projects, including peak  
15 demand days and instances when one of the supply feeds is not available, prior to placing  
16 the projects in service. The Company anticipates completion of the localized main  
17 replacements requirement during the second year of the Program. Once again, these  
18 investments represent base capital expenditures and are not included in the SHARP II  
19 revenue requirement proposed in this proceeding.

20 **V. NON-CONSTRUCTION SHARP II EXPENDITURES**

21 **Q. Please explain the non-construction expenditures incurred as of June 1, 2018 that**  
22 **have been included as part of the SHARP II expenditures.**

1     A.     The SHARP II Order authorizes the Company to include non-construction SHARP II  
2           expenditures, such as planning and engineering of SHARP II projects incurred as of June  
3           1, 2018, in revenue requirements associated with SHARP II projects from June 1, 2018 to  
4           June 30, 2019. Non-construction SHARP II expenditures incurred during this period and  
5           included in Year 1 of the Program total \$76,587 for costs related to design and permitting  
6           associated with SHARP II EFV replacements.

7     **Q.     Does this conclude your testimony?**

8     A.     Yes, it does.

9



April 30, 2019

Stacy Peterson, Director  
Division of Energy  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P. O. Box 003  
Trenton, NJ 08625

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval To Continue Its Storm Hardening and Reliability Program ("SHARP II") and Associated Recovery Mechanism  
Docket No. GO17111130**

Dear Directors Peterson and Brand:

Pursuant to the Board's Order dated May 22, 2018 in the above referenced matter, enclosed please find South Jersey Gas Company's SHARP II Quarterly Report for the period ending March 31, 2019. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided.

If you have any questions regarding the attached report, please do not hesitate to contact me.

Very truly yours,

Stefany M. Graham  
Manager, Rates & Regulatory Initiatives, SJIU

SMG:caj/f113  
Enclosures

cc: R. Greenberg  
F. Thomas-Friel, Esq.  
B. Schomber  
R. Wenzel  
B. Ritz  
A. Flammer

# **SHARP II Quarterly Report**

## **As of March 31, 2019**

**Storm Hardening and Reliability Program  
("SHARP II") Quarterly Reporting Requirements**

QUARTERLY REPORTING REQUIREMENTS	REFERENCE
1) SJG's overall SHARP II Program capital budget broken down by major categories, both budgeted and actual amounts.	Schedule 1
2) For the SHARP II Program Project: a. The original project summary for each SHARP II Project. b. Actual capital expenditures incurred through the most recent quarter.	Schedule 2
3) Anticipated SHARP II Program timeline with updates and expected changes.	Schedule 3
4) Planned and forecasted spending schedule detailing the SHARP II Projects for the program year as compared to originally approved capital spending plans	Schedule 1 and Schedule 4
5) Summary of actual expenditures for each SHARP II Projects, identifying each capital expenditure from project inception through the current quarter.	Schedule 4
6) A list of full time equivalent ("FTE") jobs created and the duration associated with each SHARP II Project as of the current quarter.	Schedule 4
7) A list of any and all funds or credits received from the United States government, the State of New Jersey, a country or a municipality, for work related to any of the Program projects, as well as an explanation of the financial treatment associated with the receipt of the government funds or credits.	Schedule 3

South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Capital Spending Summary (Excluding AFUDC)  
Program Year 1: June 1, 2018 through June 30, 2019

	Total (Program Year)	Year to Date (As of March 2019)	Q1 2019 (January 2019 - March 2019)
	Budgeted Spending For The Program Year	Actual Spending For The Program Year	Budgeted Spending For The Quarter Actual Spending For The Quarter
<b><u>SHARP II Program</u></b>			
Absecon Island Loop Project	\$480,000	\$144,612	\$59,919
Ocean City Loop Project	\$1,505,000	\$187,835	\$60,856
Brigantine Bridge Project	\$295,000	\$100,199	\$71,787
Excess Flow Valves (EFVs)	\$32,000,000	\$12,404,921	\$6,017,190
<b>TOTAL</b>	<b>\$34,280,000</b>	<b>\$12,837,567</b>	<b>\$12,305,000</b> <b>\$6,209,752</b>



**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Excess Flow Valves (EFVs)
<b>Concern/Risk</b>	The lack of EFVs on services along areas of the barrier islands and waterfront communities served under older distribution systems can lead to situations where gas can escape to the atmosphere. This can result in gas blowing, and potentially harmful fires, when major storms cause structural damage that separates structures from their gas supply, as was seen during Superstorm Sandy. By installing EFVs, South Jersey can avoid curtailing service to these areas during major storm and service disruptions.
<b>Description</b>	This project involves the installation of approximately 20,000 EFVs in potential storm-affected areas of South Jersey's territory that currently do not have EFV devices and will not be installed as part of SJG's Accelerated Infrastructure Replacement Program ("AIRP II"). The project will reduce the potential risk for gas venting to the atmosphere when major storms cause structural damage or if other service disruptions occur.
<b>Estimated Start Date</b>	2018
<b>Estimated Completion Date</b>	2021
<b>Preliminary Cost Estimate</b>	\$63.1 million
<b>Actual Spend to Date (As of March 2019)</b>	\$12,404,921

**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Absecon Island Loop
<b>Existing Infrastructure</b>	Absecon Island is currently served by 2 feeds. On the north end, it is served by a 12" 250 psig line that follows Absecon Boulevard with pressure cuts at the north end to serve the Huron Avenue and Massachusetts Avenue/Revel Site systems. In the Center, a separate feed comes from Albany Avenue to serve the Filbert Avenue system.
<b>Concern/Risk</b>	Failure of the Absecon Boulevard Line on a design day would cause a loss of pressure to customers in the northern parts of Atlantic City and all of Brigantine (Approximately 11,500 and 7,300 customers potentially impacted, respectively). Failure of the Albany Avenue Line on a design day would cause loss of pressure to customers in the southern parts of Atlantic City and all of Ventnor, Margate and Longport (Approximately 12,500 total customers potentially impacted).
<b>Description</b>	This project involves the installation of approximately 3 miles of 12" 250 psig distribution main primarily along Atlantic Avenue, from near the Filbert Station inlet to Absecon Boulevard, as well as a District Regulator Station. This project also includes horizontal directional drilling ("HDD") of 12" main across Inside Thorofare, Atlantic City. Creating this redundancy loop will enhance reliability and limit potential storm-related service disruptions in the area.
<b>Estimated Start Date</b>	Design/Permitting 2018-2019
<b>Estimated Completion Date</b>	Construction 2019-2020
<b>Estimated In-Service Date</b>	June 2020
<b>Preliminary Cost Estimate</b>	\$14,100,000
<b>Actual Spend to Date (As of March 2019)</b>	\$144,612

**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Ocean City Loop
<b>Existing Infrastructure</b>	Ocean City is currently served by 2 feeds. The first feed is 7.5 miles of 8" 60 psig distribution line at 34th Street (Roosevelt Blvd), starting on the mainland side at Corson's Tavern Road Station in Seaville through Route 9 to Roosevelt Blvd and over to 34th street. The second feed is 8.5 miles of 8" distribution main, starting on the Mainland at the outlet of the (new) station on Old Sea Isle Blvd (Ocean View Station) and Crosses into Sea Isle City. It then runs north through Sea Isle, Strathmere and Ocean City to 45th Street, where it feeds through a District Regulator Station to the 60 psig system.
<b>Concern/Risk</b>	Failure of the 34th street feed on a design day would cause loss of pressure to customers in the northern parts of Ocean City. If the Ocean View Station feed was out of service, pressure to customers in Sea Isle, Strathmere, and the south end of Ocean City will also be out of service (approximately 21,603 total customers potentially impacted).
<b>Description</b>	This project involves the installation of approximately 5.5 miles of 8" 250 psig distribution main along NJ Route 9 (Shore Road, Upper Township) to upgrade the second feed on 34th Street in Ocean City, as well as the installation of a District Regulator Station. This improvement will result in a high pressure loop to serve the three barrier island communities to reduce the impact of flooding from a future major storm or extreme weather event.
<b>Estimated Start Date</b>	Design/Permitting 2018-2019
<b>Estimated Completion Date</b>	Construction 2019-2021
<b>Estimated In-Service Date</b>	June 2021
<b>Preliminary Cost Estimate</b>	\$19,150,000
<b>Actual Spend to Date (As of March 2019)</b>	\$187,835

**South Jersey Gas Company**  
**Storm Hardening and Reliability Program ("SHARP II")**  
**Project Descriptions**

<b>Project</b>	Brigantine Bridge
<b>Existing Infrastructure</b>	The current 10" steel distribution main was installed in 1984, hanging underneath the Brigantine Bridge, which crosses over the intra-coastal water way. This serves as a single feed to approximately 7,300 customers in Brigantine.
<b>Concern/Risk</b>	There is potential risk of bridge failure (material failure, errant ship, fatigue, corrosion), and failure of pipe and pipe supports, which are exposed to harsh weather elements and potential storm damage (salt air, high winds, bridge corrosion) in need of mitigation. If the distribution main is damaged, it could result in loss of gas supply to all South Jersey customers in Brigantine (Approximately 7,300+ customers potentially impacted).
<b>Description</b>	This project involves installation of approximately 3,600 feet of 12" distribution main parallel to the existing bridge right-of-way (ROW). The pipeline will be installed by HDD and be located approximately 40 feet below the sea floor. This redundancy project will improve reliability and limit potential storm-related service disruptions in the area.
<b>Estimated Start Date</b>	Design/Permitting 2019
<b>Estimated Completion Date</b>	Construction 2021
<b>Estimated In-Service Date</b>	March 2021
<b>Preliminary Cost Estimate</b>	\$4,100,000
<b>Actual Spend to Date (As of March 2019)</b>	\$100,199



**South Jersey Gas Company**

**Storm Hardening and Reliability Program (SHARP II)  
Anticipated Project Timelines with Updates and Expected Changes**

SJG's original budget reflected total investments of approximately \$34.3 million (excluding AFUDC) from June 2018 through June 2019 in Year 1 of the SHARP II Program. Based on actual spend through March 31, 2019 and projected spend through June 30, 2019, the Company anticipates investing a total of approximately \$31.4 million, with \$28.3 million to be placed in-service as of June 30, 2019. As of March 31, 2019, actual investments total approximately \$12.8 million (excluding AFUDC) with 3,599 EFVs installed.

During Year 1 of the Program, the Company estimates that it will install approximately 7,000 excess flow valves (EFVs) in South Jersey Gas's service territory. The Company also anticipates completion of the engineering and design phase associated with the Ocean City Loop Project and substantial completion of the engineering and design phase associated with the Absecon Island Loop Project. Due to the lead time necessary for engineering, design and permitting, the Looping Projects will be placed in-service during the second and third year of the Program. The projected in-service dates for the Absecon Island, Ocean City and Brigantine Bridge looping projects are June 2020, June 2021, and March 2021, respectively.

Note the Company has not received any funds or credits from the United States government, the State of New Jersey, a county or municipality, for work related to any SHARP II projects.

South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Capital Expenditures and Job Creation  
Program Year 1: June 1, 2018 through June 30, 2019

SHARP II	Originally Approved Spend (a)	Actual Cost Life to Date (As of March 2019) (b)	Percent of Cost To Date (b) / (a)	Summary of Expenditures	Actual Cost To Date	Total Jobs To Be Created (a) / 250k	("FTE") Jobs Created To Date (b) / 250k
Absecon Island Loop Project	\$13,950,000	\$144,612	1.0%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$102,597 \$0 \$0 \$28,842 \$13,173 \$144,612	56	1
Ocean City Loop Project	\$19,125,000	\$187,835	1.0%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$137,567 \$31,000 \$0 \$0 \$19,268 \$187,835	77	1
Brigantine Bridge Project	\$4,075,000	\$100,199	2.5%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$91,245 \$0 \$0 \$0 \$8,954 \$100,199	16	0
Excess Flow Valves (EFVs)	\$63,100,000	\$12,404,921	19.7%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$203,724 \$379,945 \$928,260 \$9,682,867 \$1,210,125 \$12,404,921	252	50
<b>TOTAL</b>	<b>\$100,250,000</b>	<b>\$12,837,567</b>	<b>12.8%</b>		<b>\$12,837,567</b>	<b>401</b>	<b>51</b>



February 28, 2019

Stacy Peterson, Director  
Division of Energy  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P. O. Box 003  
Trenton, NJ 08625

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval To Continue Its Storm Hardening and Reliability Program ("SHARP II") and Associated Recovery Mechanism  
Docket No. GO17111130**

Dear Directors Peterson and Brand:

Pursuant to the Board's Order dated May 22, 2018 in the above referenced matter, enclosed please find South Jersey Gas Company's SHARP II Quarterly Report for the period ending December 31, 2018. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided.

If you have any questions regarding the attached report, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Stefany M. Graham", with a long horizontal flourish extending to the right.

Stefany M. Graham  
Manager, Rates & Regulatory Initiatives

SMG:lvk/fl13  
Enclosures

cc: A. Moreau  
F. Thomas-Friel, Esq.  
B. Schomber  
R. Wenzel  
L. Capaccio  
A. Flammer

**SHARP II Quarterly Report**  
**As of December 31, 2018**



**Storm Hardening and Reliability Program  
("SHARP II") Quarterly Reporting Requirements**

QUARTERLY REPORTING REQUIREMENTS	REFERENCE
1) SJG's overall SHARP II Program capital budget broken down by major categories, both budgeted and actual amounts.	Schedule 1
2) For the SHARP II Program Project: a. The original project summary for each SHARP II Project. b. Actual capital expenditures incurred through the most recent quarter.	Schedule 2
3) Anticipated SHARP II Program timeline with updates and expected changes.	Schedule 3
4) Planned and forecasted spending schedule detailing the SHARP II Projects for the program year as compared to originally approved capital spending plans	Schedule 1 and Schedule 4
5) Summary of actual expenditures for each SHARP II Projects, identifying each capital expenditure from project inception through the current quarter.	Schedule 4
6) A list of full time equivalent ("FTE") jobs created and the duration associated with each SHARP II Project as of the current quarter.	Schedule 4
7) A list of any and all funds or credits received from the United States government, the State of New Jersey, a country or a municipality, for work related to any of the Program projects, as well as an explanation of the financial treatment associated with the receipt of the government funds or credits.	Schedule 3

South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Capital Spending Summary (Excluding AFUDC)  
Program Year 1: June 1, 2018 through June 30, 2019

	Total (Program Year)	Year to Date (As of December 2018)	Q2 2018 (October 2018 - December 2018)	Q2 2018 Actual Spending For The Quarter
	Budgeted Spending For The Program Year	Actual Spending For The Program Year	Budgeted Spending For The Quarter	
<b><u>SHARP II Program</u></b>				
Absecon Island Loop Project	\$480,000	\$84,693	\$115,000	\$59,554
Ocean City Loop Project	\$1,505,000	\$126,979	\$115,000	\$85,307
Brigantine Bridge Project	\$295,000	\$28,412	\$50,000	\$28,412
Excess Flow Valves (EFVs)	\$32,000,000	\$6,387,731	\$10,100,000	\$4,049,290
<b>TOTAL</b>	<b>\$34,280,000</b>	<b>\$6,627,815</b>	<b>\$10,380,000</b>	<b>\$4,222,563</b>

**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Excess Flow Valves (EFVs)
<b>Concern/Risk</b>	The lack of EFVs on services along areas of the barrier islands and waterfront communities served under older distribution systems can lead to situations where gas can escape to the atmosphere. This can result in gas blowing, and potentially harmful fires, when major storms cause structural damage that separates structures from their gas supply, as was seen during Superstorm Sandy. By installing EFVs, South Jersey can avoid curtailing service to these areas during major storm and service disruptions.
<b>Description</b>	This project involves the installation of approximately 20,000 EFVs in potential storm-affected areas of South Jersey's territory that currently do not have EFV devices and will not be installed as part of SJG's Accelerated Infrastructure Replacement Program ("AIRP II"). The project will reduce the potential risk for gas venting to the atmosphere when major storms cause structural damage or if other service disruptions occur.
<b>Estimated Start Date</b>	2018
<b>Estimated Completion Date</b>	2020
<b>Preliminary Cost Estimate</b>	\$63.1 million
<b>Actual Spend to Date (As of December 2018)</b>	\$6.388 million

**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Absecon Island Loop
<b>Existing Infrastructure</b>	Absecon Island is currently served by 2 feeds. On the north end, it is served by a 12" 250 psig line that follows Absecon Boulevard with pressure cuts at the north end to serve the Huron Avenue and Massachusetts Avenue/Revel Site systems. In the Center, a separate feed comes from Albany Avenue to serve the Filbert Avenue system.
<b>Concern/Risk</b>	Failure of the Absecon Boulevard Line on a design day would cause a loss of pressure to customers in the northern parts of Atlantic City and all of Brigantine (Approximately 11,500 and 7,300 customers potentially impacted, respectively). Failure of the Albany Avenue Line on a design day would cause loss of pressure to customers in the southern parts of Atlantic City and all of Ventnor, Margate and Longport (Approximately 12,500 total customers potentially impacted).
<b>Description</b>	This project involves the installation of approximately 3 miles of 12" 250 psig distribution main primarily along Atlantic Avenue, from near the Filbert Station inlet to Absecon Boulevard, as well as a District Regulator Station. This project also includes horizontal directional drilling ("HDD") of 12" main across Inside Thorofare, Atlantic City. Creating this redundancy loop will enhance reliability and limit potential storm-related service disruptions in the area.
<b>Estimated Start Date</b>	Design/Permitting 2018-2019
<b>Estimated Completion Date</b>	Construction 2019-2020
<b>Estimated In-Service Date</b>	June 2020
<b>Preliminary Cost Estimate</b>	\$14 million
<b>Actual Spend to Date (As of December 2018)</b>	\$84,693

**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Ocean City Loop
<b>Existing Infrastructure</b>	Ocean City is currently served by 2 feeds. The first feed is 7.5 miles of 8" 60 psig distribution line at 34th Street (Roosevelt Blvd), starting on the mainland side at Corson's Tavern Road Station in Seaville through Route 9 to Roosevelt Blvd and over to 34th street. The second feed is 8.5 miles of 8" distribution main, starting on the Mainland at the outlet of the (new) station on Old Sea Isle Blvd (Ocean View Station) and Crosses into Sea Isle City. It then runs north through Sea Isle, Strathmere and Ocean City to 45th Street, where it feeds through a District Regulator Station to the 60 psig system.
<b>Concern/Risk</b>	Failure of the 34th street feed on a design day would cause loss of pressure to customers in the northern parts of Ocean City. If the Ocean View Station feed was out of service, pressure to customers in Sea Isle, Strathmere, and the south end of Ocean City will also be out of service (approximately 21,603 total customers potentially impacted).
<b>Description</b>	This project involves the installation of approximately 5.5 miles of 8" 250 psig distribution main along NJ Route 9 (Shore Road, Upper Township) to upgrade the second feed on 34th Street in Ocean City, as well as the installation of a District Regulator Station. This improvement will result in a high pressure loop to serve the three barrier island communities to reduce the impact of flooding from a future major storm or extreme weather event.
<b>Estimated Start Date</b>	Design/Permitting 2018-2019
<b>Estimated Completion Date</b>	Construction 2019-2021
<b>Estimated In-Service Date</b>	June 2021
<b>Preliminary Cost Estimate</b>	19.1 million
<b>Actual Spend to Date (As of December 2018)</b>	\$126,979

**South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Project Descriptions**

<b>Project</b>	Brigantine Bridge
<b>Existing Infrastructure</b>	The current 10" steel distribution main was installed in 1984, hanging underneath the Brigantine Bridge, which crosses over the intra-coastal water way. This serves as a single feed to approximately 7,300 customers in Brigantine.
<b>Concern/Risk</b>	There is potential risk of bridge failure (material failure, errant ship, fatigue, corrosion), and failure of pipe and pipe supports, which are exposed to harsh weather elements and potential storm damage (salt air, high winds, bridge corrosion) in need of mitigation. If the distribution main is damaged, it could result in loss of gas supply to all South Jersey customers in Brigantine (Approximately 7,300+ customers potentially impacted).
<b>Description</b>	This project involves installation of approximately 3,600 feet of 12" distribution main parallel to the existing bridge right-of-way (ROW). The pipeline will be installed by HDD and be located approximately 40 feet below the sea floor. This redundancy project will improve reliability and limit potential storm-related service disruptions in the area.
<b>Estimated Start Date</b>	Design/Permitting 2019
<b>Estimated Completion Date</b>	Construction 2020
<b>Estimated In-Service Date</b>	June 2020
<b>Preliminary Cost Estimate</b>	\$4.1 million
<b>Actual Spend to Date (As of December 2018)</b>	\$28,412

**South Jersey Gas Company**

**Storm Hardening and Reliability Program (SHARP II)  
Anticipated Project Timelines with Updates and Expected Changes**

SJG anticipates investing approximately \$34M (excluding AFUDC) from June 2018 through June 2019 in Year 1 of the SHARP II Program. During this time, the Company estimates that it will install approximately 8,000 excess flow valves (EFVs) in South Jersey Gas's service territory. The Company also anticipates completion of the engineering and design phase associated with the Ocean City Loop Project and substantial completion of engineering and design phase associated with the Absecon Island Loop Project. As of December 31, 2018, actual dollars spent amount to approximately \$6.6 million (excluding AFUDC) with 2,038 EFVs installed.

There are no expected changes to the Program timeline, as shown on Schedule 2.

Note the Company has not received any funds or credits from the United States government, the State of New Jersey, a county or municipality, for work related to any SHARP II projects.

South Jersey Gas Company  
Storm Hardening and Reliability Program ("SHARP II")  
Capital Expenditures and Job Creation  
Program Year 1: June 1, 2018 through June 30, 2019

SHARP II	Originally Approved Spend (a)	Actual Cost Life to Date (As of December 2018) (b)	Percent of Cost To Date (b) / (a)	Summary of Expenditures	Actual Cost To Date	Total Jobs To Be Created (a) / 250k	("FTE") Jobs Created To Date (b) / 250k
Absecon Island Loop Project	\$13,950,000	\$84,693	0.6%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$75,570 \$0 \$0 \$0 \$9,123 \$84,693	56	0
Ocean City Loop Project	\$19,125,000	\$126,979	0.7%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$80,825 \$31,000 \$0 \$0 \$15,154 \$126,979	77	1
Brigantine Bridge Project	\$4,075,000	\$28,412	0.7%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$24,317 \$0 \$0 \$0 \$4,095 \$28,412	16	0
Excess Flow Valves (EFVs)	\$63,100,000	\$6,387,731	10.1%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$92,099 \$46,800 \$456,077 \$4,954,831 \$837,924 \$6,387,731	252	26
<b>TOTAL</b>	<b>\$100,250,000</b>	<b>\$6,627,815</b>	<b>6.6%</b>		<b>\$6,627,815</b>	<b>401</b>	<b>27</b>



November 29, 2018

Stacy Peterson, Director  
Division of Energy  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P. O. Box 003  
Trenton, NJ 08625

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval To Continue Its Storm Hardening and Reliability Program ("SHARP II") and Associated Recovery Mechanism  
Docket No. GO17111130**

Dear Directors Peterson and Brand:

Pursuant to the Board's Order dated May 22, 2018 in the above referenced matter, enclosed please find South Jersey Gas Company's SHARP II Quarterly Report for the period ending September 30, 2018. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided.

If you have any questions regarding the attached report, please do not hesitate to contact me.

Respectfully,



Stefany M. Graham  
Manager, Rates & Regulatory Initiatives

SMG:lvk/fl13  
Enclosures

cc: A. Moreau  
F. Thomas-Friel, Esq.  
B. Schomber  
R. Wenzel  
A. Flammer

**SHARP II Quarterly Report**  
**As of September 30, 2018**

**Storm Hardening Accelerated Replacement Program  
("SHARP II") Quarterly Reporting Requirements**

<b>QUARTERLY REPORTING REQUIREMENTS</b>	<b>REFERENCE</b>
1) SJG's overall SHARP II Program capital budget broken down by major categories, both budgeted and actual amounts.	Schedule 1
2) For the SHARP II Program Project: a. The original project summary for each SHARP II Project. b. Actual capital expenditures incurred through the most recent quarter.	Schedule 2
3) Anticipated SHARP II Program timeline with updates and expected changes.	Schedule 3
4) Planned and forecasted spending schedule detailing the SHARP II Projects for the program year as compared to originally approved capital spending plans	Schedule 1 and Schedule 4
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7) A list of any and all funds or credits received from the United States government, the State of New Jersey, a country or a municipality, for work related to any of the Program projects, as well as an explanation of the financial treatment associated with the receipt of the government funds or credits.	Schedule 3

**South Jersey Gas Company  
Storm Hardening Accelerated Replacement Program ("SHARP II")  
Capital Spending Summary  
Program Year 1: June 1, 2018 through June 30, 2019**

	<b>Total (Program Year)</b>	<b>Year to Date (As of September 2018)</b>	<b>Q1 2018 (July 2018 - September 2018)</b>	<b>Q1 2018</b>
	<b><u>Budgeted Spending For The Program Year</u></b>	<b><u>Actual Spending For The Program Year</u></b>	<b><u>Budgeted Spending For The Quarter</u></b>	<b><u>Actual Spending For The Quarter</u></b>
<b><u>SHARP II Program</u></b>				
<b>Absecon Island Loop Project</b>	\$480,000	\$25,139	\$75,000	\$25,139
<b>Ocean City Loop Project</b>	\$1,505,000	\$41,672	\$75,000	\$41,672
<b>Brigantine Bridge Project</b>	\$295,000	\$0	\$0	\$0
<b>Excess Flow Valves (EFVs)</b>	\$32,000,000	\$2,338,441	\$6,500,000	\$2,338,441
<b>TOTAL</b>	<b>\$34,280,000</b>	<b>\$2,405,252</b>	<b>\$6,650,000</b>	<b>\$2,405,252</b>

**South Jersey Gas Company  
Storm Hardening and Reliability Program (“SHARP II”)  
Project Descriptions**

<b>Project</b>	Excess Flow Valves (EFVs)
<b>Concern/Risk</b>	The lack of EFVs on services along areas of the barrier islands and waterfront communities served under older distribution systems can lead to situations where gas can escape to the atmosphere. This can result in gas blowing, and potentially harmful fires, when major storms cause structural damage that separates structures from their gas supply, as was seen during Superstorm Sandy. By installing EFVs, South Jersey can avoid curtailing service to these areas during major storm and service disruptions.
<b>Description</b>	This project involves the installation of approximately 20,000 EFVs in potential storm-affected areas of South Jersey’s territory that currently do not have EFV devices and will not be installed as part of SJG’s Accelerated Infrastructure Replacement Program (“AIRP II”). The project will reduce the potential risk for gas venting to the atmosphere when major storms cause structural damage or if other service disruptions occur.
<b>Estimated Start Date</b>	2018
<b>Estimated Completion Date</b>	2020
<b>Preliminary Cost Estimate</b>	\$63.1 million
<b>Actual Spend to Date (As of September 2018)</b>	\$2.338 million

**South Jersey Gas Company  
Storm Hardening and Reliability Program (“SHARP II”)  
Project Descriptions**

<b>Project</b>	Absecon Island Loop
<b>Existing Infrastructure</b>	Absecon Island is currently served by 2 feeds. On the north end, it is served by a 12” 250 psig line that follows Absecon Boulevard with pressure cuts at the north end to serve the Huron Avenue and Massachusetts Avenue/Revel Site systems. In the Center, a separate feed comes from Albany Avenue to serve the Filbert Avenue system.
<b>Concern/Risk</b>	Failure of the Absecon Boulevard Line on a design day would cause a loss of pressure to customers in the northern parts of Atlantic City and all of Brigantine (Approximately 11,500 and 7,300 customers potentially impacted, respectively). Failure of the Albany Avenue Line on a design day would cause loss of pressure to customers in the southern parts of Atlantic City and all of Ventnor, Margate and Longport (Approximately 12,500 total customers potentially impacted).
<b>Description</b>	This project involves the installation of approximately 3 miles of 12” 250 psig distribution main primarily along Atlantic Avenue, from near the Filbert Station inlet to Absecon Boulevard, as well as a District Regulator Station. This project also includes horizontal directional drilling (“HDD”) of 12” main across Inside Thorofare, Atlantic City. Creating this redundancy loop will enhance reliability and limit potential storm-related service disruptions in the area.
<b>Estimated Start Date</b>	Design/Permitting 2018-2019
<b>Estimated Completion Date</b>	Construction 2019-2020
<b>Estimated In-Service Date</b>	June 2020
<b>Preliminary Cost Estimate</b>	\$14 million
<b>Actual Spend to Date (As of September 2018)</b>	\$25,139

**South Jersey Gas Company  
Storm Hardening and Reliability Program (“SHARP II”)  
Project Descriptions**

<b>Project</b>	Ocean City Loop
<b>Existing Infrastructure</b>	Ocean City is currently served by 2 feeds. The first feed is 7.5 miles of 8” 60 psig distribution line at 34th Street (Roosevelt Blvd), starting on the mainland side at Corson’s Tavern Road Station in Seaville through Route 9 to Roosevelt Blvd and over to 34th street. The second feed is 8.5 miles of 8” distribution main, starting on the Mainland at the outlet of the (new) station on Old Sea Isle Blvd (Ocean View Station) and Crosses into Sea Isle City. It then runs north through Sea Isle, Strathmere and Ocean City to 45th Street, where it feeds through a District Regulator Station to the 60 psig system.
<b>Concern/Risk</b>	Failure of the 34th street feed on a design day would cause loss of pressure to customers in the northern parts of Ocean City. If the Ocean View Station feed was out of service, pressure to customers in Sea Isle, Strathmere, and the south end of Ocean City will also be out of service (approximately 21,603 total customers potentially impacted).
<b>Description</b>	This project involves the installation of approximately 5.5 miles of 8” 250 psig distribution main along NJ Route 9 (Shore Road, Upper Township) to upgrade the second feed on 34th Street in Ocean City, as well as the installation of a District Regulator Station. This improvement will result in a high pressure loop to serve the three barrier island communities to reduce the impact of flooding from a future major storm or extreme weather event.
<b>Estimated Start Date</b>	Design/Permitting 2018-2019
<b>Estimated Completion Date</b>	Construction 2019-2021
<b>Estimated In-Service Date</b>	June 2021
<b>Preliminary Cost Estimate</b>	19.1 million
<b>Actual Spend to Date (As of September 2018)</b>	\$41,672

**South Jersey Gas Company  
Storm Hardening and Reliability Program (“SHARP II”)  
Project Descriptions**

<b>Project</b>	Brigantine Bridge
<b>Existing Infrastructure</b>	The current 10” steel distribution main was installed in 1984, hanging underneath the Brigantine Bridge, which crosses over the intra-coastal water way. This serves as a single feed to approximately 7,300 customers in Brigantine.
<b>Concern/Risk</b>	There is potential risk of bridge failure (material failure, errant ship, fatigue, corrosion), and failure of pipe and pipe supports, which are exposed to harsh weather elements and potential storm damage (salt air, high winds, bridge corrosion) in need of mitigation. If the distribution main is damaged, it could result in loss of gas supply to all South Jersey customers in Brigantine (Approximately 7,300+ customers potentially impacted).
<b>Description</b>	This project involves installation of approximately 3,600 feet of 12” distribution main parallel to the existing bridge right-of-way (ROW). The pipeline will be installed by HDD and be located approximately 40 feet below the sea floor. This redundancy project will improve reliability and limit potential storm-related service disruptions in the area.
<b>Estimated Start Date</b>	Design/Permitting 2019
<b>Estimated Completion Date</b>	Construction 2020
<b>Estimated In-Service Date</b>	June 2020
<b>Preliminary Cost Estimate</b>	\$4.1 million
<b>Actual Spend to Date (As of September 2018)</b>	\$0



**South Jersey Gas Company**

**Storm Hardening Accelerated Replacement Program (SHARP II)  
Anticipated Project Timelines with Updates and Expected Changes**

SJG anticipates investing approximately \$34 million (excluding AFUDC) from June 2018 through June 2019 in Year 1 of the SHARP II Program. During this time, the Company estimates that it will install approximately 10,100 excess flow valves (EFVs) in South Jersey Gas's service territory. The Company also anticipates completion of the engineering and design phase associated with the Ocean City Loop Project and substantial completion of engineering and design phase associated with the Absecon Island Loop Project. As of September 30, 2018, actual dollars spent amount to approximately \$2.4 million (excluding AFUDC) with 1,010 EFVs installed.

There are no expected changes to the Program timeline, as shown on Schedule 2.

Note the Company has not received any funds or credits from the United States government, the State of New Jersey, a county or municipality, for work related to any SHARP II projects.

South Jersey Gas Company  
Storm Hardening Accelerated Replacement Program ("SHARP II")  
Capital Expenditures and Job Creation  
Program Year 1: June 1, 2018 through June 30, 2019

<u>SHARP II</u>	<u>Originally Approved Spend</u> (a)	<u>Actual Cost Life to Date (As of September 2018)</u> (b)	<u>Percent of Cost To Date</u> (b) / (a)	<u>Summary of Expenditures</u>	<u>Actual Cost To Date</u>	<u>Total Jobs To Be Created</u> (a) / 250k	<u>("FTE") Jobs Created To Date</u> (b) / 250k
<b>Absecon Island Loop Project</b>	\$13,950,000	\$25,139	0.2%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$25,139 \$0 \$0 \$0 \$0 \$25,139	55.80	0.10
<b>Ocean City Loop Project</b>	\$19,125,000	\$41,672	0.2%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$41,672 \$0 \$0 \$0 \$0 \$41,672	76.50	0.17
<b>Brigantine Bridge Project</b>	\$4,075,000	\$0	0.0%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$0 \$0 \$0 \$0 \$0 \$0	16.30	0.00
<b>Excess Flow Valves (EFVs)</b>	\$63,100,000	\$2,338,441	3.7%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$60,146 \$13,550 \$286,589 \$1,759,549 \$218,606 \$2,338,441	252.40	9.35
<b>TOTAL</b>	<b>\$100,250,000</b>	<b>\$2,405,252</b>	<b>2.4%</b>		<b>\$2,405,252</b>	<b>401</b>	<b>10</b>

**BEFORE THE  
NEW JERSEY BOARD OF PUBLIC UTILITIES**

**DIRECT TESTIMONY**

**OF**

**STEFANY M. GRAHAM**

**Manager, Rates and Regulatory Initiatives  
SJI Utilities, Inc.**

**On Behalf of  
South Jersey Gas Company**

**April 30, 2019**

1   **I. INTRODUCTION**

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

3   **A.** My name is Stefany M. Graham and I am Manager, Rates and Regulatory Initiatives for  
4       SJI Utilities, Inc. (“SJIU”). My business address is One South Jersey Place, Atlantic  
5       City, NJ 08401.

6   **Q. Please summarize your educational and professional background.**

7   **A.** I received a Bachelor of Science Degree in Accounting from Pennsylvania State University  
8       in 2011 and obtained a Masters in Business Administration Degree with a concentration in  
9       Finance from Drexel University in 2015. In October 2014, I joined the Internal Audit  
10      Department at South Jersey Industries, Inc. (“SJI”), and subsequently accepted the role of  
11      Senior Rate Analyst in the Rates and Revenue Requirement Department in May 2015. In  
12      December 2017, I was promoted to Manager, Rates and Regulatory Initiatives for South  
13      Jersey Gas Company (“SJG”) and most recently appointed to my current role as Manager,  
14      Rates and Regulatory Initiatives for SJIU overseeing Rates and Regulatory Initiatives for  
15      Elizabethtown Gas Company (“Elizabethtown” or the “Company”) and its sister New  
16      Jersey public utility, SJG as well as Elkton Gas Company in Maryland. In my current role,  
17      I manage the Company’s Rate Department activities, including the preparation and  
18      coordination of all rate case, revenue-related and other filings before the New Jersey Board  
19      of Public Utilities (“BPU” or the “Board”). Prior to my employment at SJI, I worked for  
20      the Big Four public accounting firm of Deloitte, LLP as an auditor for a diverse client base,  
21      as well as in the Internal Audit Department at Virtua Health. I am a member of the  
22      American Gas Association (“AGA”) and the New Jersey Utilities Association (“NJUA”),  
23      where I serve on the Finance and Regulations Committee.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to support the Company's proposed base rate  
3 adjustments related to the investments made pursuant to the Company's Storm Hardening  
4 and Reliability Program ("SHARP II"), which was approved by Board Order dated May  
5 22, 2018 in Docket No. GO17111130 (the "SHARP II Order"). Pursuant to the SHARP  
6 II Order, cost recovery for SHARP II projects is effectuated by an annual adjustment to  
7 the Company's base distribution rates ("SHARP II Rate Adjustment"). The proposed  
8 base rate adjustment will become effective on October 1, 2019 and is currently based on  
9 the revenue requirements associated with SHARP II investments made and anticipated  
10 for the period June 1, 2018 through June 30, 2019. This testimony provides an overview  
11 of the SHARP II cost recovery mechanism and the calculation of the associated revenue  
12 requirement and rate design. It also addresses certain Minimum Filing Requirements  
13 ("MFRs") as set forth in the SHARP II Order.

14 **II. SHARP II COST RECOVERY MECHANISM**

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

16 A. The SHARP II cost recovery process is effectuated by annual revenue adjustment filings  
17 ("Annual Filings") made in April of each year. With this Annual Filing, South Jersey is  
18 seeking cost recovery of SHARP II investments that are placed in service during the  
19 period June 1, 2018 to June 30, 2019 totaling \$28,308,921 (excluding Accumulated  
20 Funds Used During Construction, "AFUDC"), with a base rate adjustment to be effective  
21 October 1, 2019. Included with this filing is actual data for projects placed in service  
22 through March 31, 2019. The Company will provide an updated filing with actual data  
23 through June 30, 2019 no later than July 15, 2019.

1 **Q. What is the forecasted revenue requirement proposed for the SHARP II Rate**  
2 **Adjustment to take place on October 1, 2019?**

3  
4 **A.** The Company is proposing a revenue requirement of \$3,233,529, including Sales and  
5 Use Tax (“SUT”), or \$3,032,618, excluding SUT. The calculation of the revenue  
6 requirement associated with the proposed SHARP II Rate Adjustment is provided in the  
7 attached Schedule SMG-1.

8 **Q. How are the revenue requirements associated with the SHARP II Rate Adjustment**  
9 **calculated?**

10  
11 **A.** SHARP II revenue requirements are calculated utilizing the following formula, approved  
12 in the SHARP II Order:

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

13  
14  
15 **Q. How is the SHARP II Program Rate Base Calculated?**

16 **A.** SHARP II Program Rate Base is calculated as SHARP II Investment Costs, including  
17 Construction Work in Progress (“CWIP”) transferred into service and associated  
18 AFUDC, less associated accumulated depreciation and less associated Accumulated  
19 Deferred Income Taxes (“ADIT”).

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

21  
22 **A.** SHARP II Investment Costs are all prudently incurred SHARP II project capital  
23 expenditures, including actual costs of engineering, design and construction, property  
24 acquisition, actual labor, material overheads, and capitalized AFUDC associated with the  
25 SHARP II projects. The Company’s actual SHARP II Investment Costs through March  
26 31, 2019 and projected SHARP II Investment Costs through June 30, 2019 are

1 summarized in the Direct Testimony of Brent W. Schomber and are provided in Schedule  
2 BS-1.

3 **Q. How has the Company calculated AFUDC?**

4 **A.** Pursuant to the SHARP II Order, AFUDC for SHARP II investments is calculated  
5 utilizing the “Modified FERC Formula”. The AFUDC rates, calculated in accordance  
6 with the Modified FERC Formula, used for AFUDC capitalization for each month in the  
7 most recent completed quarter are provided in Schedule SMG-2, attached hereto.

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

9 **A.** Accumulated depreciation for SHARP II investments is calculated based on the monthly  
10 depreciable base by asset class multiplied by the associated depreciation rate for that  
11 asset, as established in the Company’s most recent base rate case, Docket No.  
12 GR17010071. The depreciation rates utilized for distribution mains, distribution  
13 services, and transmission mains are 1.37%, 2.01% and 1.29%, respectively. The  
14 accumulated depreciation calculation is included in Schedule SMG-3, attached hereto.

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

16 **A.** The Company’s ADIT calculations are contained in Schedule SMG-4. The Company  
17 calculated ADIT in accordance with current tax law and, because the Company has  
18 elected to use accelerated depreciation, it has applied the required Internal Revenue Code  
19 normalization rules and associated methods of accounting.

20 **Q. What is the Weighted Average Cost of Capital (“WACC”) utilized in calculating the**  
21 **revenue requirement?**

22 **A.** Pursuant to the SHARP II Order, the return on SHARP II Rate Base proposed in this  
23 Annual Filing is 6.68% (6.22% after tax), which was calculated utilizing a 9.60% return  
24

on common equity and an equity level in the capital structure of 52.5%. This calculation is included in Schedule SMG-5, attached hereto.

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

**A.** Depreciation expense for SHARP II investments is calculated based on the asset class multiplied by the associated depreciation rate for that asset, as established in the Company's most recent base rate case, Docket No. GR17010071. The depreciation rates utilized for distribution mains, distribution services, and transmission mains are 1.37%, 2.01% and 1.29%, respectively. Because the revenue requirement is adjusted by a revenue factor that includes Federal and State income taxes, the depreciation expense is calculated on a net of tax basis. For Federal tax purposes, the tax basis associated with the depreciation expense is calculated as direct plant-in-service, plus the debt component of the AFUDC transferred into service. Because there is no tax deduction associated with the equity component of AFUDC, it is not included in the tax basis of the plant-in-service. As a result, there is no tax depreciation expense associated with the AFUDC equity portion of the plant-in-service. The annual depreciation expense, net of tax, is calculated as the annual depreciation expense, multiplied by one, minus the Company's current tax rate. The annualized depreciation expense calculation, net of tax, is included in Schedule SMG-6.

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

**A.** The revenue factor adjusts the revenue requirement to reflect Federal and State income taxes, as well as the costs associated with the Board and the Division of Rate Counsel Annual Assessments (collectively referred to as Public Utility Assessment Tax), and Bad Debt. Pursuant to the SHARP II Order, the revenue factor to be utilized in calculation of the revenue requirement is 1.51668, which is the revenue factor that was utilized to set



1 rates in the Company's most recent base rate case, Docket No. GR17010071, adjusted to  
2 reflect changes in Federal income tax, New Jersey Corporation Business Tax or SUT  
3 rates. The revenue factor utilized in calculating the revenue requirement for the SHARP  
4 II Rate Adjustment is summarized in Schedule SMG-7.

5 **III. RATE DESIGN AND CUSTOMER BILL IMPACTS**

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

7 **A.** The Company utilized the rate design approved by the Board in its most recent base rate  
8 case. Pursuant to the SHARP II Order, the SHARP II Rate Adjustment is effectuated by:  
9 1) adjusting the volumetric rate for all customer classes, allocated in the manner  
10 prescribed in the Company's most recent base rate case, 2) applying the billing  
11 determinants utilized to set rates in the Company's most recent base rate case, and 3)  
12 revising the Margin Revenue Factor set forth in the Company's Conservation Incentive  
13 Program ("CIP") tariff to reflect the SHARP II Rate Adjustment. The rate design that  
14 was utilized in the Company's most recent base rate case, identifying present rates and  
15 proposed rates after the SHARP II Rate Adjustment, is included in Schedule SMG-8.  
16 Tariff Sheets reflecting these proposed rates are attached hereto as Schedule SMG-9.

17 **Q. If approved as filed, what will the bill impact of the SHARP II Rate Adjustment be**  
18 **for a typical residential customer?**

19  
20 **A.** The bill impact on a typical residential heating customer using 100 therms of natural gas  
21 in a winter month will be an increase of \$0.90, or 0.6%.

1    **IV.    MINIMUM FILING REQUIREMENTS (MFRs)**

2    **Q.    In addition to the Schedules previously referenced in your Direct Testimony, are**  
3    **you sponsoring any additional schedules in support of the MFRs?**

4  
5    **A.**    Yes. Also attached to my Direct Testimony are the Company's Income Statement for the  
6    12 months ending December 31, 2018 and the Company's Balance Sheet as of December  
7    31, 2018. This information is attached hereto as Schedules SMG-10 and SMG-11,  
8    respectively.

9    **Q.    Does this conclude your testimony?**

10  
11    **A.**    Yes, it does.

**SOUTH JERSEY GAS COMPANY**  
**STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")**  
**REVENUE REQUIREMENT AND RATE CALCULATION**  
**Year 1 - Roll-In 10/1/2019**

Line		
No.		
1		
2	Projected Plant in Service as of June 30, 2019	\$28,308,921
3	AFUDC	47,241
4	Gross Plant in Service as of June 30, 2019	<u>28,356,162</u>
5		
6	Accumulated Depreciation	<u>(448,698)</u>
7		
8	Rate Base	27,907,465
9		
10	Accumulated Deferred Tax	<u>(209,278)</u>
11		
12	Net Rate Base	27,698,187
13		
14	Rate of Return - Net	<u>6.22%</u>
15		
16	Return Requirement (Net of Tax)	1,722,273
17		
18	Depreciation Expense, Net of Tax	<u>409,709</u>
19		
20	Revenue Recovery	2,131,983
21		
22	Revenue Factor	<u>1.51668</u>
23		
24	Total Revenue Requirement, including SUT	<u><u>\$3,233,529</u></u>
25		
26	Total Revenue Requirement, excluding SUT	<u><u>\$3,032,618</u></u>

**SOUTH JERSEY GAS COMPANY  
SHARP II AFUDC RATE  
FOR THE MONTH JANUARY 2019**

	CWIP Balance	AFUDC @ STD (monthly)	Effective Rate for Month
Regular	41,007,120.12		
AIRP II	35,412,332.12		
SHARP II	<u>1,854,866.74</u>	4,410.44	0.2378%
Totals	78,274,318.98		

ST Debt Balance.....	100,603,226
ST Debt Rate.....	2.8533%

**SOUTH JERSEY GAS COMPANY  
SHARP II AFUDC RATE  
FOR THE MONTH FEBRUARY 2019**

	CWIP Balance	ST Debt	Approved WACC	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	42,246,267.44	42,246,267.44					
AIRP II	36,801,414.96	36,801,414.96					
SHARP II	<u>1,818,315.15</u>	<u>1,818,315.15</u>	6.79%	4,170.86	(0.00)	4,170.86	0.2294%
Totals	80,865,997.55	80,865,997.55					

ST Debt Balance..... 81,328,571  
ST Debt Rate..... 2.7526%

**SOUTH JERSEY GAS COMPANY  
SHARP II AFUDC RATE  
FOR THE MONTH MARCH 2019**

	CWIP Balance	ST Debt	Approved WACC	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	43,078,090.98	37,751,025.14					
AIRP II	36,546,398.16	32,027,045.86					
SHARP II	<u>2,163,685.34</u>	<u>1,896,122.55</u>	6.79%	4,298.21	1,514.02	5,812.23	0.2686%
Totals	81,788,174.48	71,674,193.55					

ST Debt Balance..... 71,674,194  
ST Debt Rate..... 2.7202%

**SOUTH JERSEY GAS COMPANY  
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")  
DEPRECIATION EXPENSE  
PROGRAM YEAR 1**

	<u>Actual Jun-18</u>	<u>Actual Jul-18</u>	<u>Actual Aug-18</u>	<u>Actual Sep-18</u>	<u>Actual Oct-18</u>	<u>Actual Nov-18</u>	<u>Actual Dec-18</u>	<u>Actual Jan-19</u>	<u>Actual Feb-19</u>	<u>Actual Mar-19</u>	<u>Projected Apr-19</u>	<u>Projected May-19</u>	<u>Projected Jun-19</u>	<u>Total</u>
<b>Absecon Island Loop Project</b>														
Depreciable Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Depreciation Rate- Annual 1.29%	0.11%	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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Ocean City Loop Project</b>														
Depreciable Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Depreciation Rate- Annual 1.29%	0.11%	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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Brigantine Bridge Project</b>														
Depreciable Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
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%	0.11%	
Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>EFV Project</b>														
Depreciable Base	\$0	\$76,587	\$837,092	\$1,599,757	\$2,342,640	\$3,684,876	\$4,822,711	\$6,399,002	\$7,884,157	\$9,618,595	\$12,427,982	\$19,706,713	\$28,356,162	
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%	0.17%	
Depreciation Expense	\$0	\$128	\$1,402	\$2,680	\$3,924	\$6,172	\$8,078	\$10,718	\$13,206	\$16,111	\$20,817	\$33,009	\$47,497	
<b>Total Depreciation Expense</b>	<b>-</b>	<b>128</b>	<b>1,402</b>	<b>2,680</b>	<b>3,924</b>	<b>6,172</b>	<b>8,078</b>	<b>10,718</b>	<b>13,206</b>	<b>16,111</b>	<b>20,817</b>	<b>33,009</b>	<b>47,497</b>	<b>163,742</b>

**SOUTH JERSEY GAS COMPANY**  
**STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")**  
**ACCUMULATED DEFERRED TAXES ("ADIT")**

Line No.		<u>State Tax</u>	<u>Federal Tax</u>
1			
2	Plant in Service as of June 30, 2019	\$ 28,308,921	\$ 28,308,921
3	AFUDC	\$ 47,241	\$ 47,241
4	Less AFUDC-Equity	\$ (2,349)	\$ (2,349)
5	Total Investment as of June 30, 2019	<u>\$ 28,353,813</u>	<u>\$ 28,353,813</u>
6			
7	Bonus Depreciation	\$ -	\$ -
8	Tax Depreciation	\$ 1,411,316	\$ 1,411,316
9	Total Tax/Bonus Depreciation	<u>\$ 1,411,316</u>	<u>\$ 1,411,316</u>
10			
11	Book Depreciation	\$ (666,819)	\$ (666,819)
12			
13	Net	<u>\$ 744,497</u>	<u>\$ 744,497</u>
14			
15	Deferred Tax	\$ 67,005	\$ 156,344
16			
17	Benefit of State Deferred on Federal		\$ (14,071)
18			
19	Total Deferred Tax Liability		<u><u>\$ 209,278</u></u>
20			



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

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>	After-Tax <u>Weighted Cost Rate</u>
Long-Term Debt	47.50%	3.45%	1.64%	1.18%
Common Equity	<u>52.50%</u>	9.60%	<u>5.04%</u>	<u>5.04%</u>
	<u>100.00%</u>		<u>6.68%</u>	<u>6.22%</u>

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

Line

No		<u>Absecon Island</u>	<u>Ocean City</u>	<u>Brigantine</u>	<u>EFVs</u>	<u>Total</u>
		<u>Loop</u>	<u>Loop</u>	<u>Bridge</u>		
1	Plant in service as of June 30, 2019	\$ -	\$ -	\$ -	\$ 28,308,921	\$ 28,308,921
2	AFUDC	\$ -	\$ -	\$ -	\$ 47,241	\$ 47,241
3	Less: AFUDC Equity	\$ -	\$ -	\$ -	\$ (2,349)	\$ (2,349)
4	Total Depreciable Base	\$ -	\$ -	\$ -	\$ 28,353,813	\$ 28,353,813
5						
6	Annual Depreciation Rate	1.29%	1.29%	1.37%	2.01%	
7	Annual Depreciation Expense	\$ -	\$ -	\$ -	\$ 569,912	\$ 569,912
8						
9	Income Taxes (28.11%)					\$ (160,202)
10						
11	Annual Depreciation Expense, Net of Tax					\$ 409,709
12						

**SOUTH JERSEY GAS COMPANY**  
**STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")**  
**DERIVATION OF REVENUE FACTOR**

**Line  
No.**

1 Components:

2

3 Sales and Use Tax (SUT) 6.625%

4

5 Public Utility Assessment Tax (PUA) 0.2505%

6

7 Bad Debt Provision (Bad Debt) 2.0037%

8

9 Federal Income Tax (FIT) 21.0000%

10

11 CBT 9.0000%

12

13 Operating Revenue 1.0000

14

15

16 Revenue Factor Calculation: 1.51668

17

18

$$\left[ \frac{1}{1 - [(.79 \times .09) + .21]} \right] * 1.020037 * 1.002505 * 1.06625 = 1.51668$$

19

20

21

22

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

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective Oct 1, 2018)</u>		<u>Proposed Rates (Effective Oct 1, 2019)</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	4,280,934	Bills	\$ 9.50	\$ 40,668,873	\$ 9.50	\$ 40,668,873	
Distribution Charge	253,181,413	Therms	0.651332	164,905,156	0.659771	167,041,754	
<b>Total Base Revenues</b>				<b>\$ 205,574,029</b>		<b>\$ 207,710,627</b>	<b>1.0%</b>

			<u>GSG</u>		<u>GSG</u>		
<u>General Service (0-100,000 Annual Therms)</u>							
Customer Charge	299,071	Bills	\$ 29.97	\$ 8,963,158	\$ 29.97	\$ 8,963,158	
Distribution Charge	89,582,097	Therms	0.545083	48,829,678	0.551788	49,430,326	
<b>Total Base Revenues</b>				<b>\$ 57,792,836</b>		<b>\$ 58,393,484</b>	<b>1.0%</b>

			<u>GSG-LV</u>		<u>GSG-LV</u>		
<u>General Service Large Volume (100,000 + Annual Therms)</u>							
Customer Charge	2,170	Bills	\$ 150.00	\$ 325,500	\$ 150.00	\$ 325,500	
Demand Charge	212,776	Mcf	9.6086	2,044,479	9.6086	2,044,479	
Distribution Charge	32,241,055	Therms	0.272157	8,774,629	0.275749	8,890,439	
<b>Total Base Revenues</b>				<b>\$ 11,144,608</b>		<b>\$ 11,260,418</b>	<b>1.0%</b>

			<u>CTS</u>		<u>CTS</u>		
<u>Comprehensive Firm Transportation Service</u>							
Customer Charge	555	Bills	\$ 600.00	\$ 333,000	\$ 600.00	\$ 333,000	
Demand Charge	133,720	Mcf	28.6555	3,831,813	28.6555	3,831,813	
Distribution Charge	27,898,657	Therms	0.061826	1,724,862	0.064020	1,786,072	
<b>Total Base Revenues</b>				<b>\$ 5,889,676</b>		<b>\$ 5,950,885</b>	<b>1.0%</b>

			<u>LVS</u>		<u>LVS</u>		
<u>Large Volume Service</u>							
Customer Charge	313	Bills	\$ 900.00	\$ 281,700	\$ 900.00	\$ 281,700	
Demand Charge	349,950	Mcf	15.9588	5,584,782	15.9588	5,584,782	
Distribution Charge	79,591,210	Therms	0.047077	3,746,915	0.048332	3,846,802	
<b>Total Base Revenues</b>				<b>\$ 9,613,397</b>		<b>\$ 9,713,284</b>	<b>1.0%</b>

			<u>EGS</u>		<u>EGS</u>		
<u>Electric Generation Service</u>							
Customer Charge	108	Bills	\$ 63.38	\$ 6,845	\$ 63.38	\$ 6,845	
Demand Charge	8,392	Mcf	7.843	65,820	7.843	65,820	
Distribution Charge (Nov - Mar.)	559,943	Therms	0.129701	72,625	0.131426	73,591	
Distribution Charge (Apr - Oct.)	789,736	Therms	0.099701	78,737	0.101426	80,100	
<b>Total Base Revenues</b>				<b>\$ 224,028</b>		<b>\$ 226,356</b>	<b>1.0%</b>

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

Component	Amount	Units	Present Rates (Effective Oct 1, 2018)		Proposed Rates (Effective Oct 1, 2019)		
			Rate	Revenue	Rate	Revenue	Increase
			EGS-LV		EGS-LV		
<u>Electric Generation Service - Large Volume</u>							
Customer Charge	84	Bills	\$ 428.32	35,979	\$ 428.32	35,979	
Demand Charge	45,200	Mcf	22.468169	1,015,561	22.709952	1,026,490	
Total Base Revenues				\$ 1,051,540		\$ 1,062,469	1.0%
			NGV		NGV		
<u>Natural Gas Vehicle Service</u>							
Cust. Charge 0-999 CFH	12	Bills	\$ 37.50	\$ 450	\$ 37.50	\$ 450	
Cust. Charge 1,000-4,999 CFH	-	Bills	75.00	-	75.00	-	
Cust. Charge 5,000-24,999 CFH	12	Bills	200.00	2,400	200.00	2,400	
Cust. Charge 25,000+ CFH	96	Bills	703.47	67,533	703.47	67,533	
Distribution Charge	2,255,851	Therms	0.189221	426,854	0.191512	432,023	
Subtotal Distribution				\$ 497,237		\$ 502,406	1.0%
Compression Charge	983,046	Therms	0.548712	539,409	0.5487120	539,409	
Total Base Revenues				\$ 1,036,647		\$ 1,041,815	
			GLS		GLS		
<u>Gas Lights Service</u>							
Yard Lights	48	Mantles	\$ 8.537580	\$ 4,918	\$ 8.626310	\$ 4,969	
Street Lights	36	Mantles	\$ 9.203637	3,976	\$ 9.299290	4,017	
Total Base Revenues				\$ 8,894		\$ 8,986	1.0%
TOTAL SYSTEM BASE DISTRIBUTION REVENUES				\$ 292,335,655		\$ 295,368,325	1.0%
TOTAL SYSTEM INCLUDING OTHER REVENUES				\$ 292,335,655		\$ 295,368,325	1.0%

INCREASE 3,032,670  
TARGET INCREASE 3,032,618  
Difference \$52

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Eighth Revised Sheet No. 6**  
**Superseding Seventh 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:** <sup>(1)</sup>

**Customer Charge:** \$10.129375 per month

**Delivery Charge:**

(a) Residential Non-Heating Customers  
Firm Sales Service and Firm Transportation Service \$~~.694380~~~~685382~~ per therm

(b) Residential Heating Customers  
Firm Sales Service and Firm Transportation Service \$~~.821073~~~~812075~~ 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.

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates and Price to Compare

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
D. Robbins, Jr., President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Eighth Revised Sheet No. 10  
Superseding Seventh 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: <sup>(1)</sup>**

**Customer Charge:**

\$31.955513 per month

**Delivery Charges:**

Firm Sales Service and Firm Transportation Service

\$ 700194693045 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).

**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.

<sup>(1)</sup> 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. 12 - GAS**

**Eighth Revised Sheet No. 14  
Superseding Seventh 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: <sup>(1)</sup>**

**Customer Charge:**

\$159.937500 per month

**Delivery Charges:**

Firm Sales Service and Firm Transportation Service<sup>(2)</sup>

Demand Charge:

D-1FT: \$10.245170 per Mcf of Contract Demand

Volumetric Charge:

\$~~.417475~~~~413645~~ 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).

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

<sup>(2)</sup> 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. 12 - GAS**

**Eighth Revised Sheet No. 18  
Superseding Seventh Revised Sheet No. 18**

**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:** <sup>(1)</sup>

**Firm:**

**Customer Charge:** \$639.750000 per month

**Delivery Charges:**

**Demand Charge:** D-1FT: \$30.553927 per Mcf of Contract Demand

**Volumetric Charges:**

All consumption for customers who elected to  
transfer from Sales Service to Firm Transportation Service \$144712442373  
per therm

**Limited Firm:**

**Customer Charge:** \$106.625000 per month

**Delivery Charges:**

**Volumetric Charges:**

All consumption for customers who elected to  
transfer from Sales Service to Firm Transportation Service \$.138751 per therm

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Eighth Revised Sheet No. 25**  
**Superseding Seventh Revised Sheet No. 25**

**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: <sup>(1)</sup>**

**Firm:**

**Customer Charge:**

\$959.625000 per month

**Delivery Charge:**

**Firm Sales Service and Firm Transportation Service**

**Demand Charge:**

D-1FT: \$17.016071 per Mcf of Contract Demand

**Volumetric Charge:**

\$~~.127985~~~~+26647~~ per therm

**Basic Gas Supply Service ("BGSS") Charge:**

**Demand Charge:**

D-2: \$15.007637 per Mcf of Contract Demand.

**Volumetric Charge:**

See Rider "A" of this Tariff.

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Eighth Revised Sheet No. 38**  
**uperseding Seventh Revised Sheet No. 38**

**ELECTRIC GENERATION SERVICE (EGS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Residential, commercial and industrial uses for electric generation facilities (excluding back-up generator equipment); 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:** <sup>(1)(2)</sup>

**Residential Customer Charge:**

\$10.662500 per month

**Residential Delivery Charge**

**Residential Volumetric Charge:**

\$.253268 per therm

**Commercial and Industrial Customer Charge:**

\$67.578925 per month

**Commercial and Industrial Delivery Charge:**

**Commercial and Industrial Demand Charge:**

D-1 Charge:

\$8.362812 per Mcf of contract

**Volumetric Charges:**

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

All Consumption for Firm Sales Service and Firm Transportation Service

\$.~~250434~~~~248595~~ per therm

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> 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. 12 - GAS**

**Eighth Revised Sheet No. 39**  
**Superseding Seventh Revised Sheet No. 39**

**ELECTRIC GENERATION SERVICE (EGS)**

(Continued)

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

All Consumption for Firm Sales Service and Firm Transportation Service

\$~~2184462~~<sup>16607</sup> per therm

**Basic Gas Supply Service ("BGSS") Charge:**

Applicable to 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 (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, as is appropriate, pursuant to Rider "E" of this Tariff.

2017 Tax Act

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "H" 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. 12 - GAS**

**Eighth Revised Sheet No. 43  
Superseding Seventh Revised Sheet No. 43**

**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: <sup>(1)</sup>**

**Customer Charge:**

\$456.696200 per month

**FIRM:**

**Demand Charges: <sup>(2)</sup>**

D-1 \$24.21448623.956685 per Mcf of Firm Daily Contract Demand.

D-2 \$15.437520 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

**Volumetric Charge:**

C-1: \$.076451 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 \$7.503819 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

**Volumetric Charge: <sup>(2)</sup>**

C-1: \$.076451 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 \$.173700 per therm for all consumption within Limited Firm Contract Demand level.<sup>1</sup>

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (j).

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Fourth Revised Sheet No. 49  
Superseding Third Revised Sheet No. 49**

**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 \$~~14.141791~~14.047183 per month for each installation.

**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.

**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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Effective with service rendered  
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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Fourth Revised Sheet No. 50  
Superseding Third Revised Sheet No. 50**

**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 \$~~17.331350~~~~17.229360~~ per month for each installation.

**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.

**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. 12 - GAS**

**Eighth Revised Sheet No. 60  
Superseding Seventh Revised Sheet No. 60**

**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: \$0.076451 per therm (\$0.095564 GGE\*)

Distribution Charge: \$0.~~204711~~~~202262~~ per therm (\$0.~~255889~~~~252828~~ GGE\*)

Compression Charge: \$0.586530 per therm (\$0.733163 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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**Issued \_\_\_\_\_  
by South Jersey Gas Company,  
D. Robbins, Jr., President**

**Effective with service rendered  
on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of Public Utilities,  
State of New Jersey, dated \_\_\_\_\_**



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Eighth Revised Sheet No. 61**  
**Superseding Seventh Revised Sheet No. 61**

**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	\$39.984400
1,000-4,999 Cf/hour	\$79.968800
5,000-24,999 Cf/hour	\$213.250000
25,000 and greater Cf/hour	\$750.074888

**Volumetric Charges**

C-1: \$0.076451 per therm (\$0.095564 GGE)

Distribution Charge: \$0.~~204711~~~~202262~~ per therm (\$0.~~255889~~~~252828~~ GGE)

**Basic Gas Supply Service ("BGSS") Charge:**

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

**Facilities Charge**

All consumption for Customers that elect to have the Company construct Compressed Natural Gas ("CNG") fueling facilities located on Customer's property:

C-2: \$0.345653 (\$0.432066 GGE)

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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
D. Robbins, Jr., President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated January 17, 2019

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 – GAS**

**Eighth Revised Sheet No. 62  
Superseding Seventh Revised Sheet No. 62**

**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	\$39.984400
1,000-4,999 Cf/hour	\$79.968800
5,000-24,999 Cf/hour	\$213.250000
25,000 and greater Cf/hour	\$750.074888

**Volumetric Charge**

C-1: \$0.076451 per therm (\$0.095564 GGE)

Distribution Charge: \$0.~~204711202262~~ per therm (\$0.~~255889252828~~ GGE)

**Facilities Charge**

All consumption for Customers that elect to have the Company construct CNG fueling facilities located on Customer's property:

C-2: \$0.345653 per therm (\$0.432066 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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
D. Robbins, Jr., President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of Public Utilities,  
State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 12 - GAS**

**Third Revised Sheet No. 104  
Superseding Second Revised Sheet No. 104**

**RIDER "M"**  
**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. <del>659771651332</del> per therm
Group II (RSG heating):	\$0. <del>659771651332</del> per therm
Group III (GSG):	\$0. <del>551788545083</del> per therm
Group IV (GSG-LV):	\$0. <del>275749272157</del> 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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
D. Robbins, Jr., President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY  
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<b><u>RESIDENTIAL GAS SERVICE (RSG) - NONHEAT CUSTOMER</u></b>				
<b><u>CUSTOMER CHARGE</u></b>	<b><u>RIDER</u></b>	<b><u>RATE</u></b>	<b><u>PUA</u></b>	<b><u>NJ SALES TAX</u></b>
<b><u>DELIVERY CHARGE (per therm):</u></b>				<b><u>TARIFF RATE</u></b>
Base Rate		9.500000		<b>10.129375</b>
TIC	C	0.659771		0.043710
		0.001473	0.000003	0.000098
SBC:				
RAC	E, G	0.032415	0.000071	0.002152
CLEP	E, K	0.028215	0.000062	0.001873
USF	E	<u>0.009700</u>	<u>0.000000</u>	<u>0.000600</u>
		0.070330	0.000133	0.004625
Total SBC				0.075089
CIP	M	(0.113175)	(0.000284)	(0.007517)
EET	N	0.013476	0.000034	0.000895
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)
Balancing Service Charge BS-1	J	0.031668	0.000079	0.002103
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J			Rate Set Monthly
		0.651341	(0.000065)	0.043104
<b><u>TOTAL DELIVERY CHARGE</u></b>				<b>0.694380</b>
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A	0.600137	0.001503	0.039859
				<b>0.641499</b>

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<u>RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER</u>		<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>						
<u>DELIVERY CHARGE (per therm):</u>						
Base Rate			9.500000		0.629375	10.129375
TIC		C	0.659771		0.043710	0.703481
			0.001473	0.000003	0.000098	0.001574
SBC:						
RAC		E, G	0.032415	0.000071	0.002152	0.034639
CLEP		E, K	0.028215	0.000062	0.001873	0.030150
USF		E	0.009700	0.000000	0.000600	0.010300
			0.070330	0.000133	0.004625	0.075089
Total SBC						
CIP		M	0.005349	0.000013	0.000355	0.005717
EET		N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act		H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1		J	0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)		J				Rate Set Monthly
			0.769865	0.000232	0.050976	0.821073
<b>Total Delivery Charge</b>						
		A	0.600137	0.001503	0.039859	0.641499
<u>BGSS: (Applicable To Sales Customers Only)</u>						

SOUTH JERSEY GAS COMPANY  
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<u>GENERAL SERVICE (GSG)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>CUSTOMER CHARGE</b>		29.970000		1.985513	<b>31.955513</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.551788		0.036556	0.588344
TIC	C	0.001473	0.000003	0.000098	0.001574
SBC:					
RAC	E, G	0.032415	0.000071	0.002152	0.034639
CLEP	E, K	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
Total SBC		0.070330	0.000133	0.004625	0.075089
CIP	M	(0.000024)	0.000000	(0.000002)	(0.000026)
EET	N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
<b>Total Delivery Charge</b>		0.656509	0.000219	0.043465	<b>0.700194</b>
<b><u>BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)</u></b>	A	0.600137	0.001503	0.039859	<b>0.641499</b>
<b><u>BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)</u></b>	A				<b>RATE SET MONTHLY</b>

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<u>GENERAL SERVICE-LV (GSG-LV)</u>		<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>			150.000000		9.937500	159.937500
<u>D-1 Demand Charge (Mcf)</u>			9.608600		0.636570	10.245170
<u>DELIVERY CHARGE (per therm):</u>			0.275749		0.018268	0.294017
Base Rate						
TIC		C	0.001473	0.000003	0.000098	0.001574
SBC:						
RAC		E, G	0.032415	0.000071	0.002152	0.034639
CLEP		E, K	0.028215	0.000062	0.001873	0.030150
USF		E	0.009700	0.000000	0.000600	0.010300
Total SBC			0.070330	0.000133	0.004625	0.075089
CIP		M	0.010836	0.000027	0.000720	0.011583
EET		N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act		H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1		J	0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)		J				Rate Set Monthly
Total Delivery Charge			0.391330	0.000246	0.025899	0.417475
<u>BGSS: (Applicable Sales Customers Only)</u>		A				RATE SET MONTHLY

SOUTH JERSEY GAS COMPANY  
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**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

<b>FIRM</b>	<b>RIDER</b>	<b>RATE</b>	<b>PUA</b>	<b>NJ SALES TAX</b>	<b>TARIFF RATE</b>
<b>CUSTOMER CHARGE</b>					
D-1 Demand Charge (Mcf)		600.000000		39.750000	<b>639.750000</b>
<b>DELIVERY CHARGE (per therm):</b>		28.655500		1.898427	<b>30.553927</b>
Base Rate		0.064020		0.004241	0.068261
SBC:					
RAC	E, G	0.032415	0.000071	0.002152	0.034639
CLEP	E, K	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
		0.070330	0.000133	0.004625	0.075089
Total SBC					
EET	N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
<b>Total Delivery Charge</b>		0.135624	0.000136	0.008951	<b>0.144712</b>
Balancing Service Charge BS-1	I	0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002876	0.000007	0.000191	0.003074
BUY-OUT PRICE					RATE SET MONTHLY

**LIMITED FIRM**

<b>CUSTOMER CHARGE</b>					
<b>DELIVERY CHARGE (per therm):</b>					
Base Rate		100.000000		6.625000	<b>106.625000</b>
SBC:		0.058400		0.003900	0.062300
RAC	E, G	0.032415	0.000071	0.002152	0.034639
CLEP	E, K	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
		0.070330	0.000133	0.004625	0.075089
Total SBC					
EET	N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
<b>Total Delivery Charge</b>		0.130004	0.000136	0.008610	<b>0.138751</b>
Balancing Service Charge BS-1	I	0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002876	0.000007	0.000191	0.003074
BUY-OUT PRICE					RATE SET MONTHLY



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<u>LARGE VOLUME SERVICE (LVS)</u>				
<u>FIRM</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>				
D-1 Demand Charge (Mcf)		900.000000		959.625000
D-2 DEMAND BGSS(Applicable to Sales Customers Only)	A	15.958800		17.016071
		14.039988	0.035170	15.007637
<u>DELIVERY CHARGE (per therm):</u>				
Base Rate		0.048332	0.003202	0.051534
SBC:				
RAC	E, G	0.032415	0.000071	0.034639
CLEP	E, K	0.028215	0.000062	0.030150
USF	E	0.009700	0.000000	0.010300
Total SBC		0.070330	0.000133	0.075089
EET	N	0.013476	0.000034	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.013043)
<b>Total Delivery Charge</b>		0.119936	0.000136	<b>0.127985</b>
Balancing Service Charge BS-1	I	0.031668	0.000079	0.033851
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002876	0.000007	0.003074
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable Transportation Customers Only)	I			RATE SET MONTHLY
<b>BGSS: (Applicable Sales Customers Only)</b>	A			<b>RATE SET MONTHLY</b>
<u>LIMITED FIRM</u>				
<u>CUSTOMER CHARGE</u>				
<u>DELIVERY CHARGE (per therm):</u>				
Base Rate		100.000000	6.625000	106.625000
		0.122174	0.008094	0.130268
SBC:				
RAC	E, G	0.032415	0.000071	0.034639
CLEP	E, K	0.028215	0.000062	0.030150
USF	E	0.009700	0.000000	0.010300
Total SBC		0.070330	0.000133	0.075089
EET	N	0.013476	0.000034	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.013043)
<b>Total Delivery Charge</b>		0.193778	0.000136	<b>0.206719</b>
Balancing Service Charge BS-1	I	0.031668	0.000079	0.033851
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002876	0.000007	0.003074
BUY-OUT PRICE	I			RATE SET MONTHLY

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<u>FIRM ELECTRIC SALES (FES)</u>				<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>WINTER</b>								
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>								
					2.897200		0.191900	3.089100
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>								
				A	7.019994	0.017585	0.466240	7.503819
<u>DELIVERY CHARGE (per therm):</u>								
SBC:								
RAC				E, G	0.032415	0.000071	0.002152	0.034639
CLEP				E, K	0.028215	0.000062	0.001873	0.030150
USF				E	0.009700	0.000000	0.000600	0.010300
					0.070330	0.000133	0.004625	0.075089
Total SBC								
				N	0.013476	0.000034	0.000895	0.014405
EET								
					0.083806	0.000167	0.005520	0.089494
Total Delivery Charge								
					0.162900		0.010800	0.173700
<u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u>								
<u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u>								
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)								
<u>BGSS: (Applicable To Sales Customers Only)</u>								
I								
RATE SET MONTHLY								
<b>SUMMER</b>								
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>								
					2.897200		0.191900	3.089100
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>								
				A	7.019994	0.017585	0.466240	7.503819
SBC:								
RAC				E, G	0.032415	0.000071	0.002152	0.034639
CLEP				E, K	0.028215	0.000062	0.001873	0.030150
USF				E	0.009700	0.000000	0.000600	0.010300
EET								
				N	0.013476	0.000034	0.000895	0.014405
Total Delivery Charge								
					0.063806	0.000167	0.005520	0.089494
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)								
					0.162900		0.010800	0.173700
<u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u>								
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)								
<u>BGSS: (Applicable To Sales Customers Only)</u>								
A								
RATE SET MONTHLY								

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<u>ELECTRIC GENERATION SERVICE (EGS) - RESIDENTIAL</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b><u>CUSTOMER CHARGE</u></b>					
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		10.000000		0.662500	<b>10.662500</b>
		0.134084		0.008883	0.142967
SBC:					
RAC	E, G	0.032415	0.000071	0.002152	0.034639
CLEP	E, K	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
		0.070330	0.000133	0.004625	0.075089
Total SBC					
EET	N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.031668	0.000079	0.002103	0.033851
<b>Total Delivery Charge</b>		0.237356	0.000216	0.015696	<b>0.253268</b>
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A	0.600137	0.001503	0.039859	<b>0.641499</b>

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<u>ELECTRIC GENERATION SERVICE (EGS) - COMMERCIAL/INDUSTRIAL</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		63.380000		4.198925	<b>67.578925</b>
<u>D-1 DEMAND (MCF)</u>		7.843200		0.519612	<b>8.362812</b>
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate - Winter Season (Nov - Mar)		0.131426		0.008707	0.140133
Base Rate - Summer Season (Apr - Oct)		0.101426		0.006719	0.108145
SBC:					
RAC	E, G	0.032415	0.000071	0.002152	0.034639
CLEP	E, K	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
Total SBC		0.070330	0.000133	0.004625	0.075089
EET	N	0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.031668	0.000079	0.002103	0.033851
Total Delivery Charge - Winter Season		0.234698	0.000216	0.015520	<b>0.250434</b>
Total Delivery Charge - Summer Season		0.204698	0.000216	0.013532	<b>0.218446</b>
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				<b>RATE SET MONTHLY</b>

SOUTH JERSEY GAS COMPANY  
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<u>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</u>				
<u>FIRM</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>
<u>CUSTOMER CHARGE</u>		428.320000		28.376200
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>		22.709952		1.504534
<u>D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)</u>	A	14.442153	0.036178	0.959189
<u>DELIVERY CHARGE (per therm):</u>				
SBC:				
RAC	E, G	0.032415	0.000071	0.002152
CLEP	E, K	0.028215	0.000062	0.001873
USF	E	0.009700	0.000000	0.000600
		0.070330	0.000133	0.004625
EET	N	0.013476	0.000034	0.000895
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)
		0.071604	0.000136	0.004710
<b>Total Delivery Charge</b>				<b>0.076451</b>
Balancing Service Charge BS-1	I	0.031668	0.000079	0.002103
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002876	0.000007	0.000191
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I			
<b>BGSS: (Applicable To Sales Customers Only)</b>	A			<b>RATE SET MONTHLY</b>
				<b>RATE SET MONTHLY</b>
<b>LIMITED FIRM</b>				
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>	A	7.019994	0.017585	0.466240
<u>DELIVERY CHARGE (per therm):</u>				
SBC:				
RAC	E, K	0.032415	0.000071	0.002152
CLEP	E, G	0.028215	0.000062	0.001873
USF	E	0.009700	0.000000	0.000600
		0.070330	0.000133	0.004625
EET	N	0.013476	0.000034	0.000895
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)
		0.071604	0.000136	0.004710
<b>Total Delivery Charge</b>				<b>0.076451</b>
<u>C-3 (Rate is negotiated. Shown here is the benchmark rate.)</u>		0.162900	0.010800	<b>0.173700</b>
Balancing Service Charge BS-1	I	0.031668	0.000079	0.002103
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002876	0.000007	0.000191
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I			
<b>BGSS: (Applicable To Sales Customers Only)</b>	A			<b>RATE SET MONTHLY</b>
				<b>RATE SET MONTHLY</b>

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<u>YARD LIGHTING SERVICE (YLS)</u>		<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
MONTHLY CHARGE / INSTALL			13.263110		0.878681	14.141791
<u>STREET LIGHTING SERVICE (SLS)</u>						
MONTHLY CHARGE / INSTALL			16.254490		1.076860	17.331350
<u>INTERRUPTIBLE GAS SALES (IGS)</u>						
Commodity						Rate Set Monthly
SBC:						
RAC		E, K	0.032415	0.000071	0.002152	0.034639
USF		E	0.009700	0.000000	0.000600	0.010300
Total SBC:			0.042115	0.000071	0.002752	0.044939
EET		N	0.013476	0.000034	0.000895	0.014405

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<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		100.0000000		6.625000	106.625000
<u>TRANSPORTATION CHARGE A</u>		0.028400		0.001900	0.030300
SBC:					
RAC	E, K	0.032415	0.000071	0.002152	0.034639
CLEP	E, G	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
		0.070330	0.000133	0.004625	0.075089
Total SBC:					
EET	N	0.013476	0.000034	0.000895	0.014405
<u>TRANSPORTATION CHARGE B</u>		0.093200		0.006200	0.099400
SBC:					
RAC	E, K	0.032415	0.000071	0.002152	0.034639
CLEP	E, G	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
		0.070330	0.000133	0.004625	0.075089
Total SBC:					
EET	N	0.013476	0.000034	0.000895	0.014405
<u>TRANSPORTATION CHARGE C</u>		0.153200		0.010100	0.163300
SBC:					
RAC	E, K	0.032415	0.000071	0.002152	0.034639
CLEP	E, G	0.028215	0.000062	0.001873	0.030150
USF	E	0.009700	0.000000	0.000600	0.010300
		0.070330	0.000133	0.004625	0.075089
Total SBC:					
EET	N	0.013476	0.000034	0.000895	0.014405

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<u>NATURAL GAS VEHICLE (NGV)</u>			<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>COMPANY OPERATED FUELING STATIONS</u>						
<u>DELIVERY CHARGE (per therm):</u>						
SBC						
RAC	E, K		0.032415	0.000071	0.002152	0.034639
CLEP	E, G		0.028215	0.000062	0.001873	0.030150
USF	E		<u>0.009700</u>	<u>0.000000</u>	<u>0.000600</u>	<u>0.010300</u>
		Total SBC:	<u>0.070330</u>	<u>0.000133</u>	<u>0.004625</u>	<u>0.075089</u>
EET	N		0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H		(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge						
			0.071604	0.000136	0.004710	0.076451
<u>DISTRIBUTION CHARGE</u>						
			0.191512	0.000480	0.0127190	0.204711
<u>COMPRESSION CHARGE</u>						
			0.548712	0.001375	0.036443	0.586530
Balancing Service Charge BS-1	I		0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I		0.002876	0.000007	0.000191	0.003074
Balancing Service Charge BS-1	J		0.031668	0.000079	0.002103	0.033851
<u>BGSS: (Applicable To Sales Customers Only)</u>						
	A					RATE SET MONTHLY
<u>CUSTOMER OPERATED FUELING STATIONS</u>						
<u>CUSTOMER CHARGE</u>						
		0 - 999 CF/hour	37.500000		2.484400	39.984400
		1,000 - 4,999 CF/hour	75.000000		4.968800	79.968800
		5,000 - 24,999 CF/hour	200.000000		13.250000	213.250000
		25,000 or Greater CF/hour	703.470000		46.604888	750.074888
<u>DELIVERY CHARGE (per therm):</u>						
SBC						
RAC	E, K		0.032415	0.000071	0.002152	0.034639
CLEP	E, G		0.028215	0.000062	0.001873	0.030150
USF	E		<u>0.009700</u>	<u>0.000000</u>	<u>0.000600</u>	<u>0.010300</u>
		Total SBC:	<u>0.070330</u>	<u>0.000133</u>	<u>0.004625</u>	<u>0.075089</u>
EET	N		0.013476	0.000034	0.000895	0.014405
2017 Tax Act	H		(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge						
			0.071604	0.000136	0.004710	0.076451
<u>DISTRIBUTION CHARGE</u>						
			0.191512	0.000480	0.012719	0.204711
Balancing Service Charge BS-1	I		0.031668	0.000079	0.002103	0.033851
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I		0.002876	0.000007	0.000191	0.003074
Balancing Service Charge BS-1	J		0.031668	0.000079	0.002103	0.033851
<u>BGSS: (Applicable To Sales Customers Only)</u>						
	A					RATE SET MONTHLY
<u>Facilities Charge (Applicable only to Customers that elect the Company construct Natural Gas ("CNG") fueling Facilities located on Customer's property)</u>						
			0.324176		0.021477	0.345653



**SOUTH JERSEY GAS COMPANY**  
**Schedule of Rate Components**  
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**Heat Residential Rate Schedule:**

	<i>RSG FSS</i>	<i>RSG-FTS</i>	<i>Difference</i>
BGSS	0.641499	0.000000	0.641499
Base Rate	0.703481	0.703481	0.000000
CLEP	0.030150	0.030150	0.000000
RAC	0.034639	0.034639	0.000000
CIP	0.005717	0.005717	0.000000
USF	0.010300	0.010300	0.000000
TIC	0.001574	0.001574	0.000000
EET	0.014405	0.014405	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.033851	0.033851	0.000000
<b>Price to Compare</b>	<b>1.462572</b>	<b>0.821073</b>	<b>0.641499</b>

**NonHeat Residential Rate Schedule:**

	<i>RSG FSS</i>	<i>RSG-FTS</i>	<i>Difference</i>
BGSS	0.641499	0.000000	0.641499
CIP	(0.120976)	(0.120976)	0.000000
Base Rate	0.703481	0.703481	0.000000
CLEP	0.030150	0.030150	0.000000
RAC	0.034639	0.034639	0.000000
USF	0.010300	0.010300	0.000000
TIC	0.001574	0.001574	0.000000
EET	0.014405	0.014405	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.033851	0.033851	0.000000
<b>Price to Compare</b>	<b>1.335879</b>	<b>0.694380</b>	<b>0.641499</b>

**GSG**

(Under 5,000 therms annually)

	<i>GSG FSS</i>	<i>GSG-FTS</i>	<i>Difference</i>
BGSS	0.641499	0.000000	0.641499
CIP	(0.000026)	(0.000026)	0.000000
Base Rates	0.588344	0.588344	0.000000
CLEP	0.030150	0.030150	0.000000
RAC	0.034639	0.034639	0.000000
USF	0.010300	0.010300	0.000000
TIC	0.001574	0.001574	0.000000
EET	0.014405	0.014405	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.033851	0.033851	0.000000
<b>Price to Compare</b>	<b>1.341693</b>	<b>0.700194</b>	<b>0.641499</b>

**GSG**

(5,000 therms annually or greater)

	<i>GSG FSS</i>	<i>GSG-FTS</i>	<i>Difference</i>
BGSS	0.431133	0.000000	0.431133
CIP	(0.000026)	(0.000026)	0.000000
Base Rates	0.588344	0.588344	0.000000
CLEP	0.030150	0.030150	0.000000
RAC	0.034639	0.034639	0.000000
USF	0.010300	0.010300	0.000000
TIC	0.001574	0.001574	0.000000
EET	0.014405	0.014405	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.033851	0.033851	0.000000
<b>Price to Compare</b>	<b>1.131327</b>	<b>0.700194</b>	<b>0.431133</b>

**GSG-LV***Prior to 7/15/97*

	<i>GSG-LV FSS</i>	<i>GSG-LV-FTS</i>	<i>Difference</i>
BGSS	0.431133	0.000000	0.431133
CIP	0.011583	0.011583	0.000000
Base Rates	0.294017	0.294017	0.000000
CLEP	0.030150	0.030150	0.000000
RAC	0.034639	0.034639	0.000000
USF	0.010300	0.010300	0.000000
TIC	0.001574	0.001574	0.000000
EET	0.014405	0.014405	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.033851	0.033851	0.000000
<b>Price to Compare</b>	<b>0.848608</b>	<b>0.417475</b>	<b>0.431133</b>

**SOUTH JERSEY GAS COMPANY**  
**INCOME STATEMENT**  
**FOR TWELVE MONTHS ENDING DECEMBER 31, 2018**

	Period Ending 12/31/18
	-----
OPERATING REVENUES	548,000,066
OPERATING EXPENSE	
-----	
Cost of Sales	209,649,060
Operation	113,126,209
Maintenance	29,256,792
Depreciation	58,516,291
Other Taxes	4,246,457
Total Operating Expense	<u>414,794,809</u>
OPERATING INCOME	<u>133,205,257</u>
OTHER INCOME & EXPENSE NET	<u>4,166,854</u>
INTEREST CHARGES	
-----	
Long Term Debt	30,251,156
Short Term Debt & Other	<u>(2,240,398)</u>
Total Interest Charges	<u>28,010,758</u>
Income Before Income Taxes	<u>109,361,353</u>
INCOME TAXES	
-----	
Current Fed & State Inc Taxes	9,735,445
Deferred Fed & State Inc Taxes	<u>16,677,301</u>
Total Income Taxes	<u>26,412,746</u>
Income from Continuing Ops	<u><u>82,948,607</u></u>

**SOUTH JERSEY GAS COMPANY  
BALANCE SHEET - ASSETS  
AS OF DECEMBER 31, 2018**

Line No.		Period Ending 12/31/2018 -----
1	<u>PROPERTY, PLANT &amp; EQUIPMENT</u>	
2	Utility Plant, original cost	2,905,006,019
3	Accum Deprec & Amortization	(523,742,648)
4	Property, Plant & Equip, Net	<u>2,381,263,371</u>
5		
6	<u>INVESTMENTS</u>	
7	Available for Sale Securities	
8	Restricted Investments	<u>1,277,520</u>
9	Total Investments	<u>1,277,520</u>
10		
11	<u>CURRENT &amp; ACCRUED ASSETS</u>	
12	Cash & Temp Cash Invest	1,983,850
13	Notes Receivable	
14	Accounts Receivable	101,461,451
15	Accts Rec - Unbilled Revenue	43,270,691
16	Provision for Uncollectibles	(13,643,418)
17	Accts Rec - Assc Companies	1,651,809
18	Accts Rec - Affiliated Company	99,526
19	Nat Gas in Storage, Avg Cost	16,335,702
20	Materials & Supplies, Avg Cost	619,103
21	Accum Deferred Income Taxes	4,854,751
22	Prepaid Taxes	7,315,125
23	Derivatives-Energy Assets	
24	Other Prepays & Current Asset	<u>4,819,836</u>
25	Total Current & Accr Assets	<u>168,768,426</u>
26		
27	<u>REGULATORY ASSETS:</u>	
28	Environmental Remed-Expended	136,226,914
29	Environmental Remed-Liability	148,071,467
30	Income Taxes-Flowthru Deprec	
31	Deferred ARO Costs	31,096,481
32	Deferred Fuel Costs-Net	81,564,340
33	Deferred Postretirement Ben	
34	CIP AR	(5,870,701)
35	Societal Benefits Costs	2,172,822
36	Premium for Early Debt Retire	
37	Regulatory Assets - FAS 158	78,211,237
38	Other Regulatory Assets	57,790,944
39	MTM Interest Rate Swap	<u>5,867,241</u>
40	Total	<u>535,130,745</u>
41		
42	<u>NON-CURRENT ASSETS:</u>	
43	Accum Deferred Income Taxes	180,109,677
44	Prepaid Pension	
45	Derivatives- Other	
46	Unamortized Debt Issue Costs	6,848,301
47	AR-Merchandise	
48	Der - N/C Energy Related Asset	
49	Other Non-Current Assets	<u>17,490,613</u>
50	Total Non-Current Assets	<u>204,448,591</u>
51		
52	Total Assets	<u><u>3,290,888,653</u></u>

**SOUTH JERSEY GAS COMPANY**  
**BALANCE SHEET - CAPITAL & LIABILITIES**  
**AS OF DECEMBER 31, 2018**

Line No.		Period Ending 12/31/2018 -----
1	<u>COMMON EQUITY</u>	
2	Common Stk \$2.50 Par Value	5,847,848
3	Prem on Cap Stk & Misc PIC	355,743,634
4	Accumulated OCI	(25,963,445)
5	Retained Earnings	668,786,544
6	Total Common Equity	<u>1,004,414,581</u>
7		
8	LONG TERM DEBT	<u>900,264,000</u>
9		
10	<u>CURRENT &amp; ACCRUED LIABILITIES:</u>	
11	Notes Payable to Banks	107,500,000
12	Current Maturities of LTD	0
13	AP-Commodity	50,535,199
14	AP-Other	49,920,699
15	Derivatives-Energy Liabilities	
16	Derivatives-Other Current	
17	Accts Payable to Asse Comp	10,272,159
18	A/P Affiliated Comp	246,157
19	Customer Deposits	23,862,105
20	Accum Deferred Income Taxes	3,478,794
21	Taxes Accrued	2,517,828
22	Pension & Postretirement Liability	0
23	Environmental Remediation Cost	33,022,266
24	Interest Accrued	7,133,776
25	Other Current Liabilities	8,419,292
26	Total Current & Accrued Liab	<u>296,908,275</u>
27		
28	<u>DEF CREDITS &amp; NONCURRENT LIAB:</u>	
29	Pension & Other Post-Retir Ben	98,637,585
30	Accum Deferred Income Taxes	490,917,822
31	Investment Tax Credit	0
32	Environmental Remediation Cost	115,049,200
33	Asset Retirement Obligations	79,889,890
34	Der-N/C Energy Related Liabil	
35	Derivatives-LT	5,867,241
36	Other NonCurrent Liabilities	4,856,074
37	Total NonCurrent Liabilities	<u>795,217,812</u>
38		
39	<u>REGULATORY LIABILITIES:</u>	
40	Deferred Revenues-Net	20,385,972
41	Excess Plant Removal Costs	20,805,321
42	Other Regulatory Liabiltiies	252,892,692
43	Total Regulatoy Liabilities	<u>294,083,985</u>
44		
45	Total Capital & Liabilities	<u><u>3,290,888,653</u></u>