



Deborah M. Franco, Esq.
Regulatory Affairs Counsel

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CASE MANAGEMENT

MAY 02 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

April 30, 2019

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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. GR19040529

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.

CMS
LEGAL
DAG | LTR
RPA | ONLY
ENERGY-TOC

Respectfully,

Deborah M. Franco

DMF:caj
Enclosure

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

MAY 02 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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

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%.

MAY 02 2019

BOARD OF PUBLIC UTILITIES STATE OF NEW JERSEY
TRENTON, NJ BOARD OF PUBLIC UTILITIES

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

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.

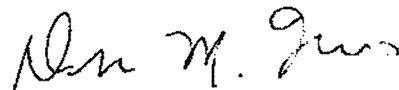
VII. MISCELLANEOUS

20. South Jersey has served notice and five (5) copies of this Petition upon the Director, Division of Rate Counsel, 140 East Front Street - 4th 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



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

DATED: April 30, 2019

VERIFICATION

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

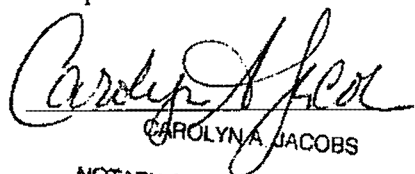
1. I am Vice President, Rates and Regulatory Affairs of SJI Utilities Inc., the parent company to South Jersey Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.

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 JACOBS

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires October 29, 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)

Therm Level	Bill as of April 30, 2019 ⁽¹⁾	Bill as of October 1, 2019 ⁽²⁾	Dollar Increase	Percent Increase
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)

Therm Level	Bill as of April 30, 2019 ⁽¹⁾	Bill as of October 1, 2019 ⁽²⁾	Dollar Increase	Percent Increase
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, 3rd 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, 3rd Floor Suite 314, P.O. Box 350, Trenton, NJ 08625-0350.

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