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Deborah M. Franco, Esq.
Director, Regulatory Affairs Counsel

April 30, 2020

Electronic Filing

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 a Petition and supporting documents of South Jersey Gas Company which have been filed electronically today through the Board’s e-filing program. Due to the pandemic, and in accordance with the New Jersey Board of Public Utilities (“BPU”) March 19, 2020 Order issued in BPU Docket No. EO20030254, hard copies are not being provided at this time, but can be provided at a later time, as needed.

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

Respectfully,

A handwritten signature in black ink that reads "Deborah M. Franco".

Deborah M. Franco

DMF:caj
Enclosure

cc: Stacy Peterson (via electronic mail)
Stefanie Brand (via electronic mail)
Felicia Thomas-Friel (via electronic mail)
Terel Klein (via electronic mail)

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

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

CASE SUMMARY, PETITION, TESTIMONY AND SCHEDULES

April 30, 2020

**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 July 1, 2019 through June 30, 2020, through a base rate adjustment to take effect on October 1, 2020.

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 \$1.05, or 0.7%.

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO.
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL OF BASE RATE : PETITION
ADJUSTMENTS PURSUANT TO THE :
STORM HARDENING AND RELIABILITY :
PROGRAM (“SHARP 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 400,000 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 are 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”).

11. On April 30, 2019, the Company made its first Annual Filing with the Board in Docket No. GR19040529, seeking recovery of the revenue requirements associated with SHARP II projects totaling approximately \$28.3 million, excluding AFUDC, that were placed in service from June 1, 2018 through June 30, 2019.

12. Following duly noticed public hearings, on September 27, 2019, the Board approved the first SHARP II Rate Adjustment, with an effective date of October 1, 2019. The revenue requirement authorized by that Order was approximately \$3.1 million, including Sales and Use Tax (“SUT”), associated with approximately \$27.4 million of SHARP II investments, excluding AFUDC.

III. REQUEST FOR COST RECOVERY OF SHARP II INVESTMENTS

13. Through this Petition the Company seeks Board approval to recover the revenue requirements associated with SHARP II Investments placed in service from July 1, 2019 through June 30, 2020. The SHARP II Investments projected to be in service as of June 30, 2020 total approximately \$34.2 million, excluding AFUDC. The Company further proposes a SHARP II Rate Adjustment to take place on October 1, 2020. The Schedules attached to the Direct Testimony of Stefany M. Graham, Director, Rates and Regulatory Affairs, set forth the calculation of the revenue requirement, which is calculated in accordance with the SHARP II Stipulation.

14. With this filing, the Company includes actual data through March 31, 2020 and projected data through June 30, 2020. The projected data for the period April 1, 2020 through June 30, 2020 will be replaced with actual data in an update filing to be made with the Board no later than July 15, 2020.

15. 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.

16. 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 \$1.05, or 0.7%.

IV. SUPPORTING TESTIMONY

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

1. Brent W. Schomber, Vice President of Operations for South Jersey Gas;

and

2. Stefany M. Graham, Director, Rates and Regulatory Affairs, SJI Utilities, Inc.

V. MINIMUM FILING REQUIREMENTS

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

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

VI. PUBLIC NOTICE

20. 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.

21. 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

22. The Company is serving notice of this filing on the Director, Division of Rate Counsel ("Rate Counsel) via electronic mail in lieu of providing hard copies. Due to the pandemic, and in accordance with the BPU's March 19, 2020 Order issued in BPU Docket No. EO20030254, hard copies cannot be provided at this time, but can be provided at a later time, as needed.

23. Similarly, South Jersey Gas has also served notice of the filing on the Department of Law and Public Safety (“Department of Law”) via electronic mail in lieu of providing hard copies, but hard copies can be provided at a later time, as needed.

24. To the extent necessary, South Jersey Gas respectfully requests a waiver of the need to provide hard copies in connection with this Petition to the Board, Rate Counsel and the Department of Law subject to copies being provided at a later time, as needed.

Respectfully submitted,

SOUTH JERSEY GAS COMPANY



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

DATED: April 30, 2020

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

Dominick DiRocco, Esq.
Vice President, Rates and Regulatory Affairs
SJI Utilities, Inc.
1 South Jersey Place
Atlantic City, New Jersey 08401
Tel. No. (609) 561-9000 x 4262
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Stefany Graham
Director, Rates and Regulatory Affairs
SJI Utilities, Inc.
1 South Jersey Place
Atlantic City, NJ 08401
sgraham@sjindustries.com

VERIFICATION

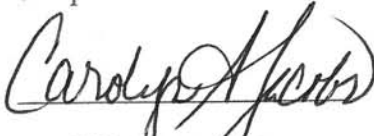
I, Stefany M. Graham, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Director, Rates & Regulatory Affairs of SJI Utilities Inc., the parent company to Elizabethtown 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.



Stefany M. Graham
Director, Rates & Regulatory Affairs

Sworn to and subscribed
before me this 30th day
of April 2020



CAROLYN A. JACOBS

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires October 26, 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, 2020 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, 2019 in Docket No. GO17111130 (“Order”). The Order authorized the Company to invest approximately \$100.25 million over a three (3)-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: (1) Excess Flow Valve Installations; (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 July 1, 2019 through June 30, 2020 which totaled approximately \$34.2 million with an October 1, 2020 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 1, 2020⁽¹⁾	Bill as of October 1, 2020⁽²⁾	Dollar Increase	Percent Increase
25	\$43.40	\$43.66	\$0.26	0.6%
100	\$143.20	\$144.25	\$1.05	0.7%
200	\$276.27	\$278.37	\$2.10	0.8%

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

Therm Level	Bill as of April 1, 2020⁽¹⁾	Bill as of October 1, 2020⁽²⁾	Dollar Increase	Percent Increase
500	\$633.44	\$637.62	\$4.18	0.7%
1,000	\$1,234.93	\$1,243.27	\$8.34	0.7%
2,000	\$2,437.90	\$2,454.59	\$16.69	0.7%

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS) charges in effect October 1, 2019 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.

Exhibit B

The following Rate Schedules will also be affected by the Company's proposed base rate increase: General Service – Large Volume (“GSG-LV”), Comprehensive Firm Transportation Service (“CTS”), Large Volume Service (“LVS”), Electric Generation Service (“EGS”), Electric Generation Service – Large Volume (“EGS-LV”), Natural Gas Vehicle Service (“NGV”), Yard Lights Service (“YLS”) and Street Lights Service (“SLS”).

The effect of the proposed increase would be an increase of \$1.05 or 0.7% 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, 44 South Clinton Avenue, 2nd Floor Suite 314, Trenton, New Jersey 08625-0350. The Company's filing may also be found on the South Jersey Gas Website at www.southjerseygas.com/About-South-Jersey-Gas/Regulatory-Compliance-Tariff-Information.aspx. Any member of the public who wants to inspect the Petition at the Board may contact the Board's Division of Case Management at (609) 292-0806 to schedule an appointment.

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

_____ at _____ P.M. and _____ P.M.
Voorhees Township, Municipal Court
2400 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, forty-eight (48) hours prior to this hearing. Written requests and comments may be submitted to the Board to: Aida Camacho-Welch, 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

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

DIRECT TESTIMONY

OF

BRENT W. SCHOMBER

Vice President of Operations

**On Behalf of
South Jersey Gas Company**

April 30, 2020

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, Atlantic
4 City, NJ 08401. I am Vice President of Operations for South Jersey Gas (“SJG”). In this
5 position, I am responsible for providing leadership and direction for all operational
6 activities including but not limited to construction, asset, utility, and engineering
7 operations. I also have responsibility for the capital spending program and operations of
8 South Jersey Gas Company (“SJG” or “the Company”).

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

10 **A.** I am a 1998 graduate of Rowan University with a Bachelor of Science degree in Criminal
11 Justice. I began my career in 1998 with Utility Line Services, a subcontractor for SJG,
12 where I worked in the field until 2001 and then in management from 2001 to 2007. I was
13 then employed by SJG in 2007 and have held various management positions of increasing
14 responsibility as follows: SJG Construction Supervisor from 2007 to 2009, SJG Manager
15 from 2009 to 2012, SJG General Manager of Construction from 2012 to 2015, SJG Director
16 of Construction from 2015 to 2017 and SJG Sr. Director of Construction from 2017 to
17 2018. In November 2018, I became Vice President SJIU, Construction and Shared
18 Services and was recently promoted to my current position of Vice President, Operations,
19 for SJG in December 2019.

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

23

24

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

2 **A.** The purpose of my testimony is to (i) provide an overview of the SJG Storm Hardening
3 and Reliability Program (“SHARP II”) which was approved by the Board of Public Utilities
4 (“BPU” or the “Board”) by order dated May 22, 2018 in Docket No. GO17111130
5 (“SHARP II Order”); (ii) describe the status of the SHARP II actual investments made
6 from July 1, 2019 to March 31, 2020, and those which are projected to be made from April
7 1, 2020 through June 30, 2020, including the (a) Excess Flow Valve (“EFV”) installations,
8 and (b) three looping projects that consist of the Absecon Island Loop Project, Ocean City
9 Loop Project and Brigantine Bridge Project (collectively, the “Looping Projects”); (iii)
10 discuss SJG’s base level of capital spending that is not recoverable through SHARP II (the
11 “Stipulated Base”); and (iv) provide certain information responsive to the Minimum Filing
12 Requirements (“MFRs”) required by the SHARP II Order.

13 **II. OVERVIEW OF SHARP II**

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

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

22 In the SHARP II Order, the BPU authorized the Company to invest approximately
23 \$100.25 million, excluding Allowance for Funds Used During Construction (“AFUDC”),

1 over a three-year period commencing June 1, 2018 and ending June 30, 2021, to enhance
2 the safety and reliability of the Company's system through four targeted projects within
3 the coastal regions, including the EFV installations and the three Looping Projects noted
4 above. The Looping Projects are designed to enhance the redundancy, reliability, safety
5 and resiliency of SJG's distribution system within the barrier islands, making it less
6 susceptible to storm damage and service interruptions. These three Projects are intended
7 to provide redundant feeds to Ocean City, Brigantine, and Atlantic City to help ensure the
8 continuation of natural gas service to the approximately 53,000 customers that are currently
9 served by SJG in those areas in the event of a loss of either single feed line serving these
10 communities. SHARP II investments may not exceed \$33.4 million per year, plus or minus
11 fifteen percent (15%).

12 As required by the SHARP II Order, the SHARP II investments are incremental to
13 the Company's typical capital budget. The Company's 2019-2020 Program Year capital
14 budget, broken down by major categories, including both budgeted and actual information
15 through March 31, 2020, is included in the SHARP II Quarterly Reports attached hereto as
16 Schedule BS-1. These reports are being provided in compliance with the governing MFRs.

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

18 **Q. Please describe the status of the EFV projects during Year 2 of the SHARP II.**

19 **A.** For the period July 1, 2019 through March 31, 2020, the Company invested \$9,510,847,
20 excluding AFUDC, in Construction Work in Progress ("CWIP") and installed 1,700 EFVs
21 located in the following areas: Atlantic City, Wildwood, Ventnor, Cape May, Brigantine,
22 and Avalon. The Company anticipates that by June 30, 2020 it will have invested a total
23 of \$10,907,142 in CWIP, excluding AFUDC, related to the installation of 1,950 SHARP

1 II EFVs. The Company anticipates a total of \$14,969,313 million in SHARP II Projects to
2 be placed in-service as of June 30, 2020. The original EFV installation projections for
3 SHARP II and the actual capital expenditures incurred through March 31, 2020, are
4 summarized further in the SHARP II Quarterly Report attached hereto as Schedule BS-1.

5 **Q. Have there been any changes to the EFV installation projections compared to the**
6 **original budget?**

7 **A.** Yes, as indicated in BPU Docket No. GR19040529 and explained in Schedule BS-1, SJG
8 now expects to install approximately 11,000 EFVs throughout the three (3) year program
9 at a total cost of approximately \$52 million, compared to the originally estimated 20,000
10 EFV installations at a total cost of approximately \$63 million. Additionally, SJG expects
11 to install 2,100 EFVs as part of its Stipulation Base at a total cost of approximately \$10
12 million over the three-year period. As explained in my testimony submitted in the
13 Company's base rate case filed in March, 2020 in BPU Docket No. GR20030243, the costs
14 reflected in the Company's original EFV budget were based on the best information
15 available to the Company at that time. Nonetheless, the actual costs of components of the
16 program, such as the costs of the excess flow valves installed as part of the program, have
17 turned out to be more expensive based on the response to the Company's competitive bids.
18 Specifically, the forecast cost to install excess flow valves was \$3,650 per installation while
19 the actual cost based on the results of competitive bids has been approximately \$4,700 per
20 installation. In addition, in forecasting the original costs of the EFVs, the Company
21 estimated that most main would be behind the curb, thus minimizing the Company's
22 restoration costs. Unfortunately, most of the main is in the street, resulting in increased
23 labor and restoration costs. While the costs have exceeded the Company's original

1 estimates, the Company continues to believe that the benefits of the program in terms of
2 increased reliability justify full recovery of the program's cost.

3 In addition, as explained in Schedule BS-1, the Company has experienced certain
4 delays in the completion of the EFV installations as result of the COVID-19 Pandemic
5 which has hindered SJG's ability to enter customer homes. SJG is optimistic that once the
6 Pandemic-related challenges subside, SJG will be able to complete these projects by
7 December 31, 2020.

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

9 **A.** Actual results related to the Looping Projects for the period July 1, 2019 to March 31, 2020
10 and projections for the period April 1, 2020 to June 30, 2020 are as follows:

11 **Absecon Island**

12 For the period July 1, 2019 through March 31, 2020, the Company invested \$16,958,276,
13 excluding AFUDC, which involved completion of the project's engineering/design phase
14 and substantial completion of project construction. The Company anticipates total
15 investments of approximately \$19.3 million by June 30, 2020 with a projected in-service
16 date of June 2020. The Company is seeking recovery of these investments in this current
17 proceeding, as reflected in the revenue requirement schedules provided in the Direct
18 Testimony of Stefany M. Graham.

19 **Ocean City**

20 For the period July 1, 2019 through March 31, 2020, the Company invested \$2,365,367,
21 excluding AFUDC, while working toward substantial completion of the project's
22 engineering/design phase and initiation of the permitting phase. The Company has begun

1 pipeline construction as of April 2020 and anticipates total project investments of
2 approximately \$7.5 million with an in-service date in Year 3 of the Program.

3 **Brigantine Bridge**

4 For the period July 1, 2019 through March 31, 2020, the Company invested \$74,314,
5 excluding AFUDC, while working toward substantial completion of the project's
6 engineering/design phase. The Company anticipates a construction start date of December
7 2020 and an in-service date in Year 3 of the Program. Total project investments are
8 projected at approximately \$3.6 million.

9 The SHARP II Looping Project descriptions, capital expenditure projections, and actual
10 capital expenditures incurred through March 31, 2020, are summarized further in the
11 SHARP II Quarterly Report attached hereto as Schedule BS-1.

12 **Q. Have there been any anticipated changes to the Looping Projects relative to the**
13 **original projections?**

14 **A.** As explained in Schedule BS-1, the Company estimates the cost of the Absecon Island
15 Loop Project to be approximately \$22 million compared to the original forecast of
16 approximately \$14 million. This increase is due to higher than anticipated construction
17 costs, as well as increased restoration requirements. Further cost and completion date
18 information regarding all the Looping Projects is set forth in Schedule BS-1.

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

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

21 **A.** Pursuant to the SHARP II Order, the Company is required to spend an additional \$10
22 million over the three-year program that is not recoverable through SHARP II (the
23 "Stipulated Base"). The Stipulated Base includes service replacements identified during

1 the installation of EFVs in the coastal areas. The Company originally anticipated
2 completion of the Stipulated Base requirement by June 30, 2020. However, due to lags in
3 permitting acquisition and delays associated with the COVID-19 Pandemic, the Company
4 now estimates that the Stipulated Base will be completed by December 31, 2020 within
5 and before the end of Year 3 of the program.

6 Relatedly, as part of the Company's normal base capital spending, the Company is
7 also required to complete all localized main replacements necessary to permit minimum
8 pressure levels at all portions of each of the Looping Projects, including peak demand days
9 and instances when one of the supply feeds is not available, prior to placing the projects in
10 service. The Company anticipates completion of the localized main replacements
11 requirement in Year 3, prior to placing the related Looping Projects in service. Once again,
12 these investments represent base capital expenditures and are not included in the SHARP
13 II revenue requirement proposed in this proceeding.

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

15 **A.** Yes, it does.

16

April 29, 2020

Electronic Filing

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, 4th 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, 2020. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided. South Jersey Gas is suspending the submission of a hard copy and hereby files our SHARP II Quarterly Report for period ending March 2020 via electronic mail only per Board Order in Docket No. EO20030254 dated March 9, 2020.

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

Respectfully,



Stefany M. Graham
Director, Rates & Regulatory Affairs

SMG:caj/f113
Enclosures

cc: R. Greenberg
F. Thomas-Friel, Esq.
B. Schomber
R. Wenzel
B. Ritz
N. Gatyas

SHARP II Quarterly Report
As of March 31, 2020

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 2: July 1, 2019 through June 30, 2020**

	Total (Program Year)	Year to Date (As of March 2020)	Q1 2020 (January 2020 - March 2020)	Q1 2020
	<u>Budgeted Spending For The Program Year</u>	<u>Actual Spending For The Program Year</u>	<u>Budgeted Spending For The Quarter</u>	<u>Actual Spending For The Quarter</u>
<u>SHARP II Program</u>				
Absecon Island Loop Project	\$12,231,700	\$16,958,276	\$4,555,000	\$8,826,670
Ocean City Loop Project	\$9,245,000	\$2,365,367	\$175,000	\$475,582
Brigantine Bridge Project	\$180,000	\$74,314	\$60,000	\$44,146
Excess Flow Valves (EFVs)	\$11,801,000	\$9,510,847	\$2,617,900	\$1,417,439
TOTAL	\$33,457,700	\$28,908,804	\$7,407,900	\$10,763,837

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

Project	Excess Flow Valves (EFVs)
Concern/Risk	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.
Description	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.
Estimated Start Date	2018
Estimated Completion Date	2021
Revised Cost Estimate	\$52.0 million
Actual Spend to Date (As of March 2020)	\$40,977,003

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

Project	Absecon Island Loop
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2018-2019
Estimated Completion Date	Construction 2019-2020
Estimated In-Service Date	June 2020
Revised Cost Estimate	\$22,000,000
Actual Spend to Date (As of March 2020)	\$17,277,152

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

Project	Ocean City Loop
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2018-2019
Estimated Completion Date	Construction 2019-2021
Estimated In-Service Date	December 2020
Revised Cost Estimate	\$9,000,000
Actual Spend to Date (As of March 2020)	\$2,585,079

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

Project	Brigantine Bridge
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2019
Estimated Completion Date	Construction 2021
Estimated In-Service Date	March 2021
Revised Cost Estimate	\$4,100,000
Actual Spend to Date (As of March 2020)	\$189,908

South Jersey Gas Company

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

As indicated in the prior year annual base rate adjustment filing and Board Order dated September 27, 2019 in Docket No. GR19040529, SJG now expects to install approximately 11,000 excess flow valves (EFVs) throughout the three (3) year program at a total cost of approximately \$52 million, compared to the originally estimated 20,000 EFV installations at a total cost of approximately \$63 million. Additionally, SJG expects to install 2,100 EFVs as part of its Stipulation Base at a total cost of approximately \$10 million over the three-year period.

SJG originally anticipated installing approximately 2,500 excess flow valves (EFVs) in Year 2 of the SHARP II Program and expending approximately \$11.8M (excluding AFUDC) through June 2020 (i.e. Construction Work in Progress "CWIP"). However, the COVID 19 Pandemic has hindered SJG's ability to complete EFV installations due to the nature of the work and in particular the ability to interrupt service and enter customers' homes. As such, SJG now targets spending approximately \$10.5 million in Year 2 (CWIP), related to the installation of 1,950 SHARP II EFVs. The Company anticipates a total of approximately \$15 million to be placed in-service as of June 30, 2020. The balance of the 11,000 targeted EFV installations will still be completed in Year 3 of the program. Between January 2020 and March 2020, SJG has invested approximately \$1.4 M and installed approximately 380 EFVs. Similar to the above, the COVID 19 Pandemic has hindered SJG's ability to begin the Stipulated Base EFV installation originally targeted for end of Q1 2020. SJG is hopeful to begin these projects at the end of Q2 of 2020 when restrictions lift, while still anticipating completion by December 31, 2020.

The Company anticipates completion of the engineering/design phase, and the start of the construction phase associated with the Ocean City Loop Project, as well as completion of the Absecon Island Loop Project in Year 2 of the SHARP II Program. SJG estimates the cost of the Absecon Island Loop Project to be approximately \$22 million compared to the original forecast of approximately \$14 million due to higher than anticipated construction costs, as well as increased restoration requirements. 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, December 2020 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
Life to Date: June 1, 2018 through March 2020

<u>SHARP II</u>	<u>Originally Approved Spend</u> (a)	<u>Revised Estimated Spend</u> (b)	<u>Actual Cost Life to Date (As of March 2020)</u> (c)	<u>Percent of Cost To Date</u> (c) / (b)	<u>Summary of Expenditures</u>	<u>Actual Cost To Date</u>	<u>Total Jobs To Be Created</u> (b) / 250k	<u>("FTE") Jobs Created To Date</u> (c) / 250k
Absecon Island Loop Project	\$13,950,000	\$22,000,000	\$17,277,152	78.5%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$911,213 \$2,118,329 \$1,344,409 \$11,369,309 \$1,533,892 <hr/> \$17,277,152	88	69
Ocean City Loop Project	\$19,125,000	\$9,000,000	\$2,585,079	28.7%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$287,118 \$107,369 \$1,353,409 \$562,521 \$274,663 <hr/> \$2,585,079	36	10
Brigantine Bridge Project	\$4,075,000	\$4,100,000	\$189,908	4.6%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$174,604 \$0 \$0 \$0 \$15,304 <hr/> \$189,908	16	1
Excess Flow Valves (EFVs)	\$63,100,000	\$52,000,000	\$40,977,003	78.8%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$285,236 \$1,036,265 \$1,977,037 \$34,243,308 \$3,435,158 <hr/> \$40,977,003	208	164
TOTAL	\$100,250,000	\$87,100,000	\$61,029,143	70.1%		\$61,029,143	348	244

February 28, 2020

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, 4th 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, 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.

Respectfully,



Stefany M. Graham
Director, Rates & Regulatory Affairs

SMG:caj/fl13
Enclosures

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

SHARP II Quarterly Report
As of December 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 2: July 1, 2019 through June 30, 2020

	Total (Program Year)	Year to Date (As of December 2019)	Q4 2019 (October 2019 - December 2019)
	Budgeted Spending For The Program Year	Actual Spending For The Program Year	Budgeted Spending For The Quarter
			Actual Spending For The Quarter
<u>SHARP II Program</u>			
Absecon Island Loop Project	\$12,231,700	\$8,131,606	\$1,530,000
			\$7,896,909
Ocean City Loop Project	\$9,245,000	\$1,889,785	\$6,000,000
			\$738,518
Brigantine Bridge Project	\$180,000	\$30,168	\$30,000
			\$21,691
Excess Flow Valves (EFVs)	\$11,801,000	\$8,093,407	\$4,690,000
			\$6,782,896
TOTAL	\$33,457,700	\$18,144,966	\$12,250,000
			\$15,440,014

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

Project	Excess Flow Valves (EFVs)
Concern/Risk	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.
Description	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.
Estimated Start Date	2018
Estimated Completion Date	2021
Revised Cost Estimate	\$52.0 million
Actual Spend to Date (As of December 2019)	\$39,559,564

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

Project	Absecon Island Loop
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2018-2019
Estimated Completion Date	Construction 2019-2020
Estimated In-Service Date	June 2020
Revised Cost Estimate	\$22,000,000
Actual Spend to Date (As of December 2019)	\$8,450,482

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

Project	Ocean City Loop
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2018-2019
Estimated Completion Date	Construction 2019-2021
Estimated In-Service Date	December 2020
Revised Cost Estimate	\$9,000,000
Actual Spend to Date (As of December 2019)	\$2,109,498

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

Project	Brigantine Bridge
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2019
Estimated Completion Date	Construction 2021
Estimated In-Service Date	March 2021
Revised Cost Estimate	\$4,100,000
Actual Spend to Date (As of December 2019)	\$145,762

South Jersey Gas Company

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

SJG anticipates installing approximately 2,500 EFV's in Year 2 of the SHARP II Program and expending approximately \$11.8M (excluding AFUDC) through June 2020. The balance of the 11,000 targeted EFV installations will be completed in Year 3 of the program. Between July 2019 and December 2019, SJG has invested approximately \$8.1M and installed approximately 1,320 EFV's. SJG will begin the Stipulated Base EFV installation starting in Q1 of 2020 and anticipates completion by December 31, 2020.

The Company anticipates substantial completion of the engineering and design phase associated with the Ocean City Loop Project and completion of the Absecon Island Loop Project in Year 2 of the SHARP II Program. The Ocean City Loop Project and Brigantine Bridge Projects are anticipated to be placed in-service during the third year of the Program. The projected in-service dates for the Absecon Island, Ocean City and Brigantine Bridge looping projects are June 2020, December 2020 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
Life to Date: June 1, 2018 through December 2019

SHARP II	Originally Approved Spend (a)	Revised Estimated Spend (b)	Actual Cost Life to Date (As of December 2019) (c)	Percent of Cost To Date (c) / (b)	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	\$22,000,000	\$8,450,482	38.4%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$594,191 \$2,064,740 \$845,459 \$3,996,276 \$949,816 \$8,450,482	56	34
Ocean City Loop Project	\$19,125,000	\$9,000,000	\$2,109,498	23.4%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$237,063 \$46,620 \$1,210,784 \$372,375 \$242,655 \$2,109,498	77	8
Brigantine Bridge Project	\$4,075,000	\$4,100,000	\$145,762	3.6%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$133,416 \$0 \$0 \$0 \$12,346 \$145,762	16	1
Excess Flow Valves (EFVs)	\$63,100,000	\$52,000,000	\$39,559,564	76.1%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$269,073 \$937,149 \$1,910,518 \$33,101,082 \$3,341,743 \$39,559,564	252	158
TOTAL	\$100,250,000	\$87,100,000	\$50,265,305	50.1%		\$50,265,305	401	201



November 22, 2019

Stacy Peterson, Director
Division of Energy
NJ Board of Public Utilities
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Stefanie A. Brand, Esq., Director
Division of Rate Counsel
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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, 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.

Respectfully,

A handwritten signature in black ink, appearing to read "Stefany M. Graham".

Stefany M. Graham
Director, Rates & Regulatory Affairs

SMG:caj/fl13
Enclosures

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

SHARP II Quarterly Report
As of September 30, 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: <ul style="list-style-type: none"> a. The original project summary for each SHARP II Project. b. Actual capital expenditures incurred through the most recent quarter. 	Schedule 2
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South Jersey Gas Company
 Storm Hardening and Reliability Program ("SHARP II")
 Capital Spending Summary (Excluding AFUDC)
 Program Year 2: July 1, 2019 through June 30, 2020

	Total (Program Year)	Year to Date (As of September 2019)	Q3 2019 (July 2019 - September 2019)	Q3 2019 (September 2019)
	Budgeted Spending For The Program Year	Actual Spending For The Program Year	Budgeted Spending For The Quarter	Actual Spending For The Quarter
<u>SHARP II Program</u>				
Absecon Island Loop Project	\$12,231,700	\$234,697	\$110,000	\$234,697
Ocean City Loop Project	\$9,245,000	\$1,151,267	\$1,120,000	\$1,151,267
Brigantine Bridge Project	\$180,000	\$8,477	\$30,000	\$8,477
Excess Flow Valves (EFVs)	\$11,801,000	\$1,310,511	\$5,285,000	\$1,310,511
TOTAL	\$33,457,700	\$2,704,952	\$6,545,000	\$2,704,952

Schedule 2

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

Project	Excess Flow Valves (EFVs)
Concern/Risk	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.
Description	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.
Estimated Start Date	2018
Estimated Completion Date	2021
Preliminary Cost Estimate	\$63.1 million
Actual Spend to Date (As of September 2019)	\$32,776,667

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

Project	Absecon Island Loop
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2018-2019
Estimated Completion Date	Construction 2019-2020
Estimated In-Service Date	June 2020
Preliminary Cost Estimate	\$14,100,000
Actual Spend to Date (As of September 2019)	\$553,573

Schedule 2

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

Project	Ocean City Loop
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2018-2019
Estimated Completion Date	Construction 2019-2021
Estimated In-Service Date	June 2021
Preliminary Cost Estimate	\$19,150,000
Actual Spend to Date (As of September 2019)	\$1,370,979

Schedule 2

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

Project	Brigantine Bridge
Existing Infrastructure	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.
Concern/Risk	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).
Description	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.
Estimated Start Date	Design/Permitting 2019
Estimated Completion Date	Construction 2021
Estimated In-Service Date	March 2021
Preliminary Cost Estimate	\$4,100,000
Actual Spend to Date (As of September 2019)	\$124,071

South Jersey Gas Company

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

SJG anticipates installing approximately 2,500 EFV's in Year 2 of the SHARP II Program and expending approximately \$11.8M (excluding AFUDC) through June 2020. The balance of the 11,000 targeted EFV installations will be completed in Year 3 of the program. Between July 2019 and September 2019, SJG has invested approximately \$1.3M and installed approximately 235 EFV's. SJG will begin the Stipulated Base EFV installation starting in Q1 of 2020 and anticipates completion by June 30, 2020.

The Company anticipates substantial completion of the engineering and design phase associated with the Ocean City Loop Project and completion of the Absecon Island Loop Project in Year 2 of the SHARP II Program. 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
Life to Date: June 1, 2018 through September 2019

<u>SHARP II</u>	<u>Originally Approved Spend (a)</u>	<u>Actual Cost Life to Date (As of September 2019) (b)</u>	<u>Percent of Cost To Date (b) / (a)</u>	<u>Summary of Expenditures</u>	<u>Actual Cost To Date</u>	<u>Total Jobs To Be Created (a) / 250k</u>	<u>("FTE") Jobs Created To Date (b) / 250k</u>
Absecon Island Loop Project	\$13,950,000	\$553,573	4.0%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$444,647 \$37,780 \$0 \$28,842 \$42,303 \$553,573	56	2
Ocean City Loop Project	\$19,125,000	\$1,370,979	7.2%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$221,209 \$32,635 \$1,006,928 \$0 \$110,207 \$1,370,979	77	5
Brigantine Bridge Project	\$4,075,000	\$124,071	3.0%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$113,450 \$0 \$0 \$0 \$10,621 \$124,071	16	0
Excess Flow Valves (EFVs)	\$63,100,000	\$32,776,667	51.9%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$267,271 \$624,698 \$1,548,271 \$27,730,455 \$2,605,973 \$32,776,667	252	131
TOTAL	\$100,250,000	\$34,825,290	34.7%		\$34,825,290	401	139

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

DIRECT TESTIMONY

OF

STEFANY M. GRAHAM

**Director, Rates and Regulatory Affairs
SJI Utilities, Inc.**

**On Behalf of
South Jersey Gas Company**

April 30, 2020

1 **I. INTRODUCTION**

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

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

24

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 adjustments
3 related to the investments made pursuant to the Company's Storm Hardening and
4 Reliability Program ("SHARP II"), which was approved by Board Order dated May 22,
5 2018 in Docket No. GO17111130 (the "SHARP II Order"). Pursuant to the SHARP II
6 Order, cost recovery for SHARP II projects is effectuated by an annual adjustment to the
7 Company's base distribution rates ("SHARP II Rate Adjustment"). The proposed base rate
8 adjustment will become effective on October 1, 2020 and is currently based on the revenue
9 requirements associated with SHARP II investments made and anticipated for the period
10 July 1, 2019 through June 30, 2020. This testimony provides an overview of the SHARP
11 II cost recovery mechanism and the calculation of the associated revenue requirement and
12 rate design. It also addresses certain Minimum Filing Requirements ("MFRs") as set forth
13 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 period
19 July 1, 2019 to June 30, 2020 totaling \$34,235,892 (excluding Accumulated Funds Used
20 During Construction, "AFUDC"), with a base rate adjustment to be effective October 1,
21 2020. Included with this filing is actual data for projects placed in service through March
22 31, 2020. The Company will provide an updated filing with actual data through June 30,
23 2020 no later than July 15, 2020.

1 **Q. What is the forecasted revenue requirement proposed for the SHARP II Rate**
2 **Adjustment to take place on October 1, 2020?**

3
4 **A.** The Company is proposing a revenue requirement of \$3,774,243, including Sales and Use
5 Tax (“SUT”), or \$3,539,736, excluding SUT. The calculation of the revenue requirement
6 associated with the proposed SHARP II Rate Adjustment is provided in the attached
7 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:

13
$$\text{Revenue Requirement} = ((\text{SHARP II Program Rate Base} * \text{After Tax WACC}) +$$

14
$$\text{Annual Depreciation Expense (net of tax)}) * \text{Revenue Factor}$$

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 AFUDC,
18 less associated accumulated depreciation and less associated Accumulated Deferred
19 Income Taxes (“ADIT”).

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

21 **A.** SHARP II Investment Costs are all prudently incurred SHARP II project capital
22 expenditures, including actual costs of engineering, design and construction, property
23 acquisition, actual labor, material overheads, and capitalized AFUDC associated with the
24 SHARP II projects. The Company’s actual SHARP II Investment Costs through March
25 31, 2020 and projected SHARP II Investment Costs through June 30, 2020 are summarized
26 in the Direct Testimony of Brent W. Schomber and are provided in Schedule BS-1.

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

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

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

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

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

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

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

20 **A.** Pursuant to the SHARP II Order, the return on SHARP II Rate Base proposed in this
21 Annual Filing is 6.68% (6.22% after tax), which was calculated utilizing a 9.60% return on
22 common equity and an equity level in the capital structure of 52.5%. This calculation is
23 included in Schedule SMG-5, attached hereto.
24

25

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

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

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

17 **A.** The revenue factor adjusts the revenue requirement to reflect Federal and State income
18 taxes, as well as the costs associated with the Board and the Division of Rate Counsel
19 Annual Assessments (collectively referred to as Public Utility Assessment Tax), and Bad
20 Debt. Pursuant to the SHARP II Order, the revenue factor to be utilized in calculation of
21 the revenue requirement is 1.51668, which is the revenue factor that was utilized to set
22 rates in the Company's most recent base rate case, Docket No. GR17010071, adjusted to
23 reflect changes in Federal income tax, New Jersey Corporation Business Tax or SUT rates.

1 The revenue factor utilized in calculating the revenue requirement for the SHARP II Rate
2 Adjustment is summarized in Schedule SMG-7.

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

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

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

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

17 **A.** The bill impact on a typical residential heating customer using 100 therms of natural gas
18 in a winter month will be an increase of \$1.05, or 0.7%.

19
20 **IV. MINIMUM FILING REQUIREMENTS (MFRs)**

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

23
24 **A.** Yes. Also attached to my Direct Testimony are the Company's Income Statement for the
25 12 months ending December 31, 2019 and the Company's Balance Sheet as of December

1 31, 2019. This information is attached hereto as Schedules SMG-10 and SMG-11,
2 respectively.

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

4
5 **A. Yes, it does.**

SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")
REVENUE REQUIREMENT CALCULATION
Year 2 - Roll-In 10/1/2020

Line No.		
1		
2	Projected Plant in Service as of June 30, 2020	\$34,235,892
3	AFUDC	230,957
4	Gross Plant in Service as of June 30, 2020	<u>34,466,849</u>
5		
6	Accumulated Depreciation	<u>(475,716)</u>
7		
8	Rate Base	33,991,133
9		
10	Accumulated Deferred Tax	<u>(360,502)</u>
11		
12	Net Rate Base	33,630,631
13		
14	Rate of Return - Net	<u>6.22%</u>
15		
16	Return Requirement (Net of Tax)	2,091,153
17		
18	Depreciation Expense, Net of Tax	<u>397,343</u>
19		
20	Revenue Recovery	2,488,495
21		
22	Revenue Factor	<u>1.51668</u>
23		
24	Total Revenue Requirement, including SUT	<u>\$3,774,243</u>
25		
26	Total Revenue Requirement, excluding SUT	<u>\$3,539,736</u>

**SOUTH JERSEY GAS COMPANY
SHARP II AFUDC RATE
FOR THE MONTH JANUARY 2020**

	CWIP Balance	AFUDC @ STD (monthly)	Effective Rate for Month
Regular	71,186,764		
AIRP II	21,831,467		
SHARP II	<u>15,477,966</u>	24,031	0.1553%
Totals	108,496,197		

ST Debt Balance.....	165,825,806
ST Debt Rate.....	1.8631%

**SOUTH JERSEY GAS COMPANY
SHARP II AFUDC RATE
FOR THE MONTH FEBRUARY 2020**

	CWIP Balance	AFUDC @ STD (monthly)	Effective Rate for Month
Regular	70,198,448		
AIRP II	25,363,343		
SHARP II	<u>17,094,738</u>	25,257	0.1477%
Totals	112,656,529		

ST Debt Balance.....	149,928,571
ST Debt Rate.....	1.7729%

**SOUTH JERSEY GAS COMPANY
SHARP II AFUDC RATE
FOR THE MONTH MARCH 2020**

	CWIP Balance	AFUDC @ STD (monthly)	Effective Rate for Month
Regular	75,271,737		
AIRP II	22,089,952		
SHARP II	<u>20,839,648</u>	33,352	0.1600%
Totals	118,201,337		

ST Debt Balance.....	141,594,452
ST Debt Rate.....	1.9205%

SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")
DEPRECIATION EXPENSE
PROGRAM YEAR 2

	<u>Actual</u> <u>Jul-19</u>	<u>Actual</u> <u>Aug-19</u>	<u>Actual</u> <u>Sep-19</u>	<u>Actual</u> <u>Oct-19</u>	<u>Actual</u> <u>Nov-19</u>	<u>Actual</u> <u>Dec-19</u>	<u>Actual</u> <u>Jan-20</u>	<u>Actual</u> <u>Feb-20</u>	<u>Actual</u> <u>Mar-20</u>	<u>Projected</u> <u>Apr-20</u>	<u>Projected</u> <u>May-20</u>	<u>Projected</u> <u>Jun-20</u>	<u>Total</u>
Absecon Island Loop Project													
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
Ocean City Loop Project													
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
Brigantine Bridge Project													
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
EFV Project													
Depreciable Base	\$4,138,936	\$3,767,025	\$5,071,596	\$5,399,628	\$8,656,225	\$10,415,120	\$12,191,163	\$12,706,632	\$13,494,898	\$13,613,373	\$14,554,690	\$15,012,093	
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	\$6,933	\$6,310	\$8,495	\$9,044	\$14,499	\$17,445	\$20,420	\$21,284	\$22,604	\$22,802	\$24,379	\$25,145	
Total Depreciation Expense	6,933	6,310	8,495	9,044	14,499	17,445	20,420	21,284	22,604	22,802	24,379	25,145	199,361

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, 2020	\$ 34,235,892	\$ 34,235,892
3	AFUDC	\$ 230,957	\$ 230,957
4	Less AFUDC-Equity	\$ 0	\$ 0
5	Total Investment as of June 30, 2020	<u>\$ 34,466,849</u>	<u>\$ 34,466,849</u>
6			
7	Bonus Depreciation	\$ -	\$ -
8	Tax Depreciation	\$ 2,044,580	\$ 2,044,580
9	Total Tax/Bonus Depreciation	<u>\$ 2,044,580</u>	<u>\$ 2,044,580</u>
10			
11	Book Depreciation	\$ (762,110)	\$ (762,110)
12			
13	Net	<u>\$ 1,282,469</u>	<u>\$ 1,282,469</u>
14			
15	Deferred Tax	\$ 115,422	\$ 269,319
16			
17	Benefit of State Deferred on Federal		\$ (24,239)
18			
19	Total Deferred Tax Liability		<u><u>\$ 360,502</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>	<u>After-Tax 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	<u>Absecon Island</u>		<u>Brigantine</u>			
No	<u>Loop</u>	<u>Ocean City Loop</u>	<u>Bridge</u>	<u>EFVs</u>	<u>Total</u>	
1	Plant in service as of June 30, 2020	\$ 19,266,579	\$ -	\$ -	\$ 14,969,313	\$ 34,235,892
2	AFUDC	\$ 188,177	\$ -	\$ -	42,780	\$ 230,957
3	Less: AFUDC Equity	\$ -	\$ -	\$ -	0	\$ 0
4	Total Depreciable Base	\$ 19,454,755	\$ -	\$ -	\$ 15,012,093	\$ 34,466,849
5						
6	Annual Depreciation Rate	1.29%	1.29%	1.37%	2.01%	
7	Annual Depreciation Expense	\$ 250,966	\$ -	\$ -	\$ 301,743	\$ 552,709
8						
9	Income Taxes (28.11%)					\$ (155,367)
10						
11	Annual Depreciation Expense, Net of Tax					\$ 397,343
12						

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

<u>Line No.</u>			
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			
19		$\left[\frac{1}{1 - [(.79 \cdot .09) + .21]} \right] * 1.020037 * 1.002505 * 1.06625 = 1.51668$	
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 (April 1, 2020)</u>		<u>Proposed Rates (Effective October 1, 2020)</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	0.678051	171,669,910	0.687901	174,163,747	
Total Base Revenues				\$ 212,338,783		\$ 214,832,620	1.2%
			<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	0.566312	50,731,416	0.574138	51,432,486	
Total Base Revenues				\$ 59,694,574		\$ 60,395,644	1.2%
			<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	0.283532	9,141,371	0.287725	9,276,558	
Total Base Revenues				\$ 11,511,350		\$ 11,646,537	1.2%
			<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	0.068773	1,918,674	0.071334	1,990,123	
Total Base Revenues				\$ 6,083,488		\$ 6,154,936	1.2%
			<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	0.051052	4,063,290	0.052517	4,179,892	
Total Base Revenues				\$ 9,929,773		\$ 10,046,374	1.2%
			<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	0.135163	75,684	0.137177	76,811	
Distribution Charge (Apr - Oct.)	789,736	Therms	0.105163	83,051	0.107177	84,642	
Total Base Revenues				\$ 231,400		\$ 234,118	1.2%

**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 (April 1, 2020)</u>		<u>Proposed Rates (Effective October 1, 2020)</u>		
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
			<u>EGS-LV</u>		<u>EGS-LV</u>		
<u>Electric Generation Service - Large Volume</u>							
Customer Charge	84	Bills	\$ 428.32	35,979	\$ 428.32	35,979	
Demand Charge	45,200	Mcf	23.233717	1,050,164	23.515931	1,062,920	
Total Base Revenues				\$ 1,086,143		\$ 1,098,899	1.2%
<hr/>							
			<u>NGV</u>		<u>NGV</u>		
<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	0.196474	443,216	0.199148	449,248	
Subtotal Distribution				\$ 513,599		\$ 519,631	1.2%
Compression Charge	983,046	Therms	0.548712	539,409	0.5487120	539,409	
Total Base Revenues				\$ 1,053,008		\$ 1,059,041	
<hr/>							
			<u>GLS</u>		<u>GLS</u>		
<u>Gas Lights Service</u>							
Yard Lights	48	Mantles	\$ 8.818524	\$ 5,079	\$ 8.922092	\$ 5,139	
Street Lights	36	Mantles	\$ 9.506499	4,107	\$ 9.618147	4,155	
Total Base Revenues				\$ 9,186		\$ 9,294	1.2%
<hr/>							
TOTAL SYSTEM BASE DISTRIBUTION REVENUES				\$ 301,937,705		\$ 305,477,462	1.2%
<hr/>							
TOTAL SYSTEM INCLUDING OTHER REVENUES				\$ 301,937,705		\$ 305,477,462	1.2%

INCREASE	3,539,757
TARGET INCREASE	<u>3,539,736</u>
Difference	\$21

SOUTH JERSEY GAS COMPANY

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

**Twelfth Revised Sheet No. 6
Superseding Eleventh Revised Sheet No. 6**

RESIDENTIAL SERVICE (RSG)

APPLICABLE TO USE OF SERVICE FOR:

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

CHARACTER OF SERVICE Firm Sales Service and Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge: \$10.129375 per month

Delivery Charge:

(a) Residential Non-Heating Customers
Firm Sales Service and Firm Transportation Service \$.787149776647 per therm

(b) Residential Heating Customers
Firm Sales Service and Firm Transportation Service \$.893445882943 per therm

Basic Gas Supply Service (“BGSS”) Charge:

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

APPLICABLE RIDERS:

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

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

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

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

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

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SOUTH JERSEY GAS COMPANY

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

**Twelfth Revised Sheet No. 10
Superseding Eleventh Revised Sheet No. 10**

GENERAL SERVICE (GSG)

APPLICABLE TO USE OF SERVICE FOR:

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

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$31.955513 per month

Delivery Charges:

Firm Sales Service and Firm Transportation Service

~~\$.763545755200~~ 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.

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

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SOUTH JERSEY GAS COMPANY

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

**Twelfth Revised Sheet No. 14
Superseding Eleventh Revised Sheet No. 14**

GENERAL SERVICE – LARGE VOLUME (GSG-LV)

APPLICABLE TO USE OF SERVICE FOR:

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

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$159.937500 per month

Delivery Charges:

Firm Sales Service and Firm Transportation Service⁽²⁾

Demand Charge:

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

Volumetric Charge:

\$492869488398 per therm

Basic Gas Supply Service (“BGSS”) Charge:

All consumption for customers who elect
Firm Sales Service

See Rider “A” of this Tariff.

LINE LOSS:

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

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

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

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SOUTH JERSEY GAS COMPANY

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

**Twelfth Revised Sheet No. 18
Superseding Eleventh 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: ⁽¹⁾

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 per therm \$[.160017457286](#)

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 \$.146257 per therm

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

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SOUTH JERSEY GAS COMPANY

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

Thirteenth Revised Sheet No. 25
Superseding Twelfth 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: ⁽¹⁾

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:

\$.~~139953138394~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

Demand Charge:

D-2: \$19.623062 per Mcf of Contract Demand.

Volumetric Charge:

See Rider "A" of this Tariff.

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

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SOUTH JERSEY GAS COMPANY

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

**Twelfth Revised Sheet No. 38
Superseding Eleventh 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: ⁽¹⁾⁽²⁾

Residential Customer Charge:

\$10.662500 per month

Residential Delivery Charge

Residential Volumetric Charge:

\$.314039 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

\$ ~~317337315190~~ per therm

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

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

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SOUTH JERSEY GAS COMPANY

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

**Twelfth Revised Sheet No. 39
Superseding Eleventh 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

\$.285349283202 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

**Thirteenth Revised Sheet No. 43
Superseding Twelfth 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: ⁽¹⁾

Customer Charge:

\$456.696200 per month

FIRM:

Demand Charges: ⁽²⁾

D-1 ~~\$25.07386124.772951~~ per Mcf of Firm Daily Contract Demand.

D-2 \$21.238498 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

Volumetric Charge:

C-1: \$.083957 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 \$9.811531 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

Volumetric Charge: ⁽²⁾

C-1: \$.083957 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.¹

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

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

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SOUTH JERSEY GAS COMPANY

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

Fifth Revised Sheet No. 49
Superseding Fourth 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 \$~~14.457169~~~~14.346739~~ 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

**Fifth Revised Sheet No. 50
Superseding Fourth 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 \$~~17.671331~~~~17.552287~~ 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

Twelfth Revised Sheet No. 60

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

Superseding Eleventh 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: \$0.083957 per therm (\$0.104946 GGE*)

Distribution Charge: \$0.~~212874240015~~ per therm (\$0.~~266093262519~~ 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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SOUTH JERSEY GAS COMPANY

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

**Thirteenth Revised Sheet No. 61
Superseding Twelveth 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: \$0.083957 per therm (\$0.104946 GGE)

Distribution Charge: \$0.~~212874240015~~ per therm (\$0.~~266093262519~~ 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.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 12 – GAS

**Thirteenth Revised Sheet No. 62
Superseding Twelfth 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: \$0.083957 per therm (\$0.104946 GGE)

Distribution Charge: \$0.~~212874210015~~ per therm (\$0.~~266093262519~~ 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

**Fourth Revised Sheet No. 104
Superseding Third 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. 687901678051 per therm
Group II (RSG heating):	\$0. 687901678051 per therm
Group III (GSG):	\$0. 574138566312 per therm
Group IV (GSG-LV):	\$0. 287725283532 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
Schedule of Rate Components
Appendix A - Effective _____

<u>RESIDENTIAL GAS SERVICE (RSG) - NONHEAT CUSTOMER</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		9.500000		0.629375	10.129375
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.687901		0.045573	0.733474
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
CIP	M	(0.111064)	(0.000278)	(0.007376)	(0.118718)
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
TOTAL DELIVERY CHARGE		0.738196	0.000096	0.048857	0.787149
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.418898	0.001049	0.027822	0.447769

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

RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		9.500000		0.629375	10.129375
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.687901		0.045573	0.733474
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
CIP	M	(0.011621)	(0.000029)	(0.000772)	(0.012422)
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		0.837639	0.000345	0.055461	0.893445
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.418898	0.001049	0.027822	0.447769

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

GENERAL SERVICE (GSG)					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		29.970000		1.985513	31.955513
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.574138		0.038037	0.612175
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
CIP	M	(0.019668)	(0.000049)	(0.001306)	(0.021023)
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		0.715829	0.000325	0.047391	0.763545
<u>BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)</u>	A	0.418898	0.001049	0.027822	0.447769
<u>BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)</u>	A				RATE SET MONTHLY

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

GENERAL SERVICE-LV (GSG-LV)

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		150.000000		9.937500	159.937500
D-1 Demand Charge (Mcf)		9.608600		0.636570	10.245170
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.287725		0.019062	0.306787
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
CIP	M	0.012806	0.000032	0.000851	0.013689
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		0.461890	0.000406	0.030573	0.492869
<u>BGSS: (Applicable Sales Customers Only)</u>	A				RATE SET MONTHLY

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

COMPREHENSIVE TRANSPORTATION SERVICE (CTS)					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
FIRM					
CUSTOMER CHARGE		600.000000		39.750000	639.750000
D-1 Demand Charge (Mcf)		28.655500		1.898427	30.553927
DELIVERY CHARGE (per therm):					
Base Rate		0.071334		0.004726	0.076060
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.149959	0.000167	0.009891	0.160017
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002570	0.000006	0.000171	0.002747
BUY-OUT PRICE					RATE SET MONTHLY
LIMITED FIRM					
CUSTOMER CHARGE		100.000000		6.625000	106.625000
DELIVERY CHARGE (per therm):					
Base Rate		0.058400		0.003900	0.062300
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.137025	0.000167	0.009065	0.146257
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002570	0.000006	0.000171	0.002747
BUY-OUT PRICE					RATE SET MONTHLY

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

LARGE VOLUME SERVICE (LVS)	RIDER	RATE	PUA	NJ SALES TAX	TARIFF RATE
FIRM					
CUSTOMER CHARGE		900.000000		59.625000	959.625000
D-1 Demand Charge (Mcf)		15.958800		1.057271	17.016071
D-2 DEMAND BGSS(Applicable to Sales Customers Only)	A	18.357823	0.045986	1.219252	19.623062
DELIVERY CHARGE (per therm):					
Base Rate		0.052517		0.003479	0.055996
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.131142	0.000167	0.008644	0.139953
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002570	0.000006	0.000171	0.002747
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable Transportation Customers Only)	I				RATE SET MONTHLY
BGSS: (Applicable Sales Customers Only)	A				RATE SET MONTHLY
LIMITED FIRM					
CUSTOMER CHARGE		100.000000		6.625000	106.625000
DELIVERY CHARGE (per therm):					
Base Rate		0.122174		0.008094	0.130268
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.200799	0.000167	0.013259	0.214225
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002570	0.000006	0.000171	0.002747
BUY-OUT PRICE	I				RATE SET MONTHLY

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

FIRM ELECTRIC SALES (FES)	RIDER	RATE	PUA	NJ SALES TAX	TARIFF RATE
WINTER					
D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)		2.897200		0.191900	3.089100
D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)	A	9.178912	0.022993	0.609626	9.811531
DELIVERY CHARGE (per therm):					
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
Total Delivery Charge		0.090827	0.000198	0.005975	0.097000
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)		0.162900		0.010800	0.173700
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)					RATE SET MONTHLY
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
BGSS: (Applicable To Sales Customers Only)	A				RATE SET MONTHLY
SUMMER					
D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)		2.897200		0.191900	3.089100
D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)	A	9.178912	0.022993	0.609626	9.811531
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	0.011400	0.000000	0.000700	0.012100
EET	N	0.015736	0.000039	0.001045	0.016820
Total Delivery Charge		0.090827	0.000198	0.005975	0.097000
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)		0.162900		0.010800	0.173700
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)					RATE SET MONTHLY
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
BGSS: (Applicable To Sales Customers Only)	A				RATE SET MONTHLY

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

<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>
<u>CUSTOMER CHARGE</u>		10.000000		0.662500	10.662500
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.134084		0.008883	0.142967
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
Total Delivery Charge		0.294207	0.000371	0.019461	0.314039
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.418898	0.001049	0.027822	0.447769

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

<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	67.578925
<u>D-1 DEMAND (MCF)</u>		7.843200		0.519612	8.362812
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate - Winter Season (Nov - Mar)		0.137177		0.009088	0.146265
Base Rate - Summer Season (Apr - Oct)		0.107177		0.007100	0.114277
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
Total Delivery Charge - Winter Season		0.297300	0.000371	0.019666	0.317337
Total Delivery Charge - Summer Season		0.267300	0.000371	0.017678	0.285349
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY

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

<u>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
FIRM					
<u>CUSTOMER CHARGE</u>		428.320000		28.376200	456.696200
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>		23.515931		1.557930	25.073861
<u>D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)</u>	A	19.869101	0.049772	1.319625	21.238498
<u>DELIVERY CHARGE (per therm):</u>					
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.078625	0.000167	0.005165	0.083957
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002570	0.000006	0.000171	0.002747
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>LIMITED FIRM</u>					
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>	A	9.178912	0.022993	0.609626	9.811531
<u>DELIVERY CHARGE (per therm):</u>					
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.078625	0.000167	0.005165	0.083957
<u>C-3 (Rate is negotiated. Shown here is the benchmark rate.)</u>		0.162900		0.010800	0.173700
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002570	0.000006	0.000171	0.002747
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY

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

<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		13.558892		0.898277	14.457169
STREET LIGHTING SERVICE (SLS)					
MONTHLY CHARGE / INSTALL		16.573347		1.097984	17.671331
INTERRUPTIBLE GAS SALES (IGS)					
Commodity					Rate Set Monthly
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
USF	E	0.011400	0.000000	0.000700	0.012100
Total SBC:		0.057068	0.000114	0.003733	0.060915
EET	N	0.015736	0.000039	0.001045	0.016820

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

<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		100.000000		6.625000	106.625000
TRANSPORTATION CHARGE A		0.028400		0.001900	0.030300
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC:		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
TRANSPORTATION CHARGE B		0.093200		0.006200	0.099400
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC:		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
TRANSPORTATION CHARGE C		0.153200		0.010100	0.163300
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC:		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820

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

<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	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC:		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.078625	0.000167	0.005165	0.083957
<u>DISTRIBUTION CHARGE</u>		0.199148	0.000499	0.0132270	0.212874
<u>COMPRESSION CHARGE</u>		0.548712	0.001375	0.036443	0.586530
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I	0.002570	0.000006	0.000171	0.002747
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
<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	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.011400</u>	<u>0.000000</u>	<u>0.000700</u>	<u>0.012100</u>
Total SBC:		0.075091	0.000159	0.004930	0.080180
EET	N	0.015736	0.000039	0.001045	0.016820
2017 Tax Act	H	(0.012202)	(0.000031)	(0.000810)	(0.013043)
Total Delivery Charge		0.078625	0.000167	0.005165	0.083957
<u>DISTRIBUTION CHARGE</u>		0.199148	0.000499	0.013227	0.212874
Balancing Service Charge BS-1	I	0.081498	0.000204	0.005413	0.087115
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I	0.002570	0.000006	0.000171	0.002747
Balancing Service Charge BS-1	J	0.081498	0.000204	0.005413	0.087115
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>Facilities Charge (Applicable only to Customers that elect the Company construct Compressed Natural Gas ("CNG") fueling Facilities located on Customer's property)</u>		0.324176		0.021477	0.345653

SOUTH JERSEY GAS COMPANY
Appendix A - Effective _____

Heat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.447769	0.000000	0.447769
Base Rate	0.733474	0.733474	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
CIP	(0.012422)	(0.012422)	0.000000
USF	0.012100	0.012100	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.016820	0.016820	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.087115	0.087115	0.000000
Price to Compare	1.341214	0.893445	0.447769

NonHeat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.447769	0.000000	0.447769
CIP	(0.118718)	(0.118718)	0.000000
Base Rate	0.733474	0.733474	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.012100	0.012100	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.016820	0.016820	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.087115	0.087115	0.000000
Price to Compare	1.234918	0.787149	0.447769

GSG
(Under 5,000 therms annually)

	GSG FSS	GSG-FTS	Difference
BGSS	0.447769	0.000000	0.447769
CIP	(0.021023)	(0.021023)	0.000000
Base Rates	0.612175	0.612175	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.012100	0.012100	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.016820	0.016820	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.087115	0.087115	0.000000
Price to Compare	1.211314	0.763545	0.447769

GSG
(5,000 therms annually or greater)

	GSG FSS	GSG-FTS	Difference
BGSS	0.301667	0.000000	0.301667
CIP	(0.021023)	(0.021023)	0.000000
Base Rates	0.612175	0.612175	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.012100	0.012100	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.016820	0.016820	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.087115	0.087115	0.000000
Price to Compare	1.065212	0.763545	0.301667

GSG-LV

	<i>Prior to 7/15/97</i>		
	GSG-LV FSS	GSG-LV-FTS	Difference
BGSS	0.301667	0.000000	0.301667
CIP	0.013689	0.013689	0.000000
Base Rates	0.306787	0.306787	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.012100	0.012100	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.016820	0.016820	0.000000
2017 Tax Act	(0.013043)	(0.013043)	0.000000
BSC "J" BS-1	0.087115	0.087115	0.000000
Price to Compare	0.794536	0.492869	0.301667

SOUTH JERSEY GAS COMPANY
INCOME STATEMENT
FOR TWELVE MONTHS ENDING DECEMBER 31, 2019

	Period Ending 12/31/19
OPERATING REVENUES	569,225,956
OPERATING EXPENSE	

Cost of Sales	211,344,442
Operation	108,813,714
Maintenance	31,243,392
Depreciation	64,817,078
Other Taxes	4,886,018
Total Operating Expense	<u>421,104,644</u>
OPERATING INCOME	<u>148,121,312</u>
OTHER INCOME & EXPENSE NET	<u>3,749,125</u>
INTEREST CHARGES	

Long Term Debt	32,238,543
Short Term Debt & Other	(584,263)
Total Interest Charges	<u>31,654,280</u>
Income Before Income Taxes	<u>120,216,157</u>
INCOME TAXES	

Current Fed & State Inc Taxes	12,929,128
Deferred Fed & State Inc Taxes	19,893,376
Total Income Taxes	<u>32,822,504</u>
Income from Continuing Ops	<u><u>87,393,653</u></u>

SOUTH JERSEY GAS COMPANY
BALANCE SHEET - ASSETS
AS OF DECEMBER 31, 2019

Line No.		Period Ending 12/31/2019 -----
1	<u>PROPERTY, PLANT & EQUIPMENT</u>	
2	Utility Plant, original cost	3,154,736,433
3	Accum Deprec & Amortization	(558,634,458)
4	Property, Plant & Equip, Net	<u>2,596,101,975</u>
5		
6	<u>INVESTMENTS</u>	
7	Available for Sale Securities	-
8	Restricted Investments	4,073,274
9	Total Investments	<u>4,073,274</u>
10		
11	<u>CURRENT & ACCRUED ASSETS</u>	
12	Cash & Temp Cash Invest	2,677,809
13	Notes Receivable	-
14	Accounts Receivable	84,940,436
15	Accts Rec - Unbilled Revenue	45,016,036
16	Provision for Uncollectibles	(14,031,681)
17	Accts Rec - Assc Companies	2,155,913
18	Accts Rec - Affiliated Company	177,158
19	Nat Gas in Storage, Avg Cost	14,838,685
20	Materials & Supplies, Avg Cost	618,809
21	Accum Deferred Income Taxes	-
22	Prepaid Taxes	19,547,377
23	Derivatives-Energy Assets	16,904,059
24	Other Prepays & Current Asset	25,074,235
25	Total Current & Accr Assets	<u>197,918,836</u>
26		
27	<u>REGULATORY ASSETS:</u>	
28	Environmental Remed-Expended	156,278,664
29	Environmental Remed-Liability	131,261,567
30	Income Taxes-Flowthru Deprec	-
31	Deferred ARO Costs	36,514,953
32	Deferred Fuel Costs-Net	49,469,130
33	Deferred Postretirement Ben	-
34	CIP AR	-
35	Societal Benefits Costs	1,478,218
36	Premium for Early Debt Retire	-
37	Regulatory Assets - FAS 158	72,010,301
38	Other Regulatory Assets	41,307,505
39	MTM Interest Rate Swap	7,856,483
40	Total	<u>496,176,821</u>
41		
42	<u>NON-CURRENT ASSETS:</u>	
43	Accum Deferred Income Taxes	-
44	Prepaid Pension	-
45	Derivatives- Other	-
46	Unamortized Debt Issue Costs	-
47	AR-Merchandise	30,958,205
48	Der - N/C Energy Related Asset	4,820
49	Other Non-Current Assets	23,322,087
50	Total Non-Current Assets	<u>54,285,112</u>
51		
52	Total Assets	<u><u>3,348,556,018</u></u>

SOUTH JERSEY GAS COMPANY
BALANCE SHEET - CAPITAL & LIABILITIES
AS OF DECEMBER 31, 2019

Line No.		Period Ending 12/31/2019 -----
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	(27,874,952)
5	Retained Earnings	756,180,196
6	Total Common Equity	<u>1,089,896,726</u>
7		
8	<u>LONG TERM DEBT</u>	<u>547,161,406</u>
9		
10	<u>CURRENT & ACCRUED LIABILITIES:</u>	
11	Notes Payable to Banks	171,300,000
12	Current Maturities of LTD	417,909,000
13	AP-Commodity	17,361,226
14	AP-Other	60,797,299
15	Derivatives-Energy Liabilities	14,671,226
16	Derivatives-Other Current	488,486
17	Accts Payable to Assc Comp	9,483,317
18	A/P Affiliated Comp	268,454
19	Customer Deposits	22,430,497
20	Accum Deferred Income Taxes	-
21	Taxes Accrued	1,906,977
22	Pension & Postretirement Liability	3,692,583
23	Environmental Remediation Cost	29,568,566
24	Interest Accrued	6,789,203
25	Other Current Liabilities	12,489,765
26	Total Current & Accrued Liab	<u>769,156,599</u>
27		
28	<u>DEF CREDITS & NONCURRENT LIAB:</u>	
29	Pension & Other Post-Retir Ben	99,981,498
30	Accum Deferred Income Taxes	357,637,363
31	Investment Tax Credit	-
32	Environmental Remediation Cost	101,693,000
33	Asset Retirement Obligations	96,508,618
34	Der-N/C Energy Related Liabil	94,844
35	Derivatives-LT	7,367,997
36	Other NonCurrent Liabilities	4,575,814
37	Total NonCurrent Liabilities	<u>667,859,134</u>
38		
39	<u>REGULATORY LIABILITIES:</u>	
40	Deferred Revenues-Net	-
41	Excess Plant Removal Costs	16,333,134
42	Other Regulatory Liabiltiies	258,149,019
43	Total Regulatoy Liabilities	<u>274,482,153</u>
44		
45	Total Capital & Liabilities	<u><u>3,348,556,018</u></u>