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Deborah M. Franco, Esq.
VP/Rates, Regulatory & Sustainability

April 30, 2021

Electronic Filing

Aida Camacho-Welch
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th 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 and May 20, 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 (vie 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, 2021

**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" 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, 2020 through June 30, 2021, through a base rate adjustment to take effect on October 1, 2021.

If approved by the Board, the impact of the proposed base rate adjustment on the bill of an average residential heating customer using 100 therms in a winter month would be an increase of \$0.61, or 0.4%.

**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 ("EFVs") in the coastal regions.

5. On November 2, 2017, the Company petitioned the Board for approval of a second phase to its SHARP (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 ("SHARP II Order"), 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 four (4) system enhancement projects within the coastal regions including (1) the Absecon Island Loop Project,

(2) the Ocean City Loop Project, (3) the Brigantine Bridge Project, and installation of approximately 20,000 EFVs (“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 Investments 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.

13. On April 30, 2020, the Company made its second Annual Filing with the Board in Docket No. GR20050325, seeking recovery of the revenue requirements associated with SHARP II Investments totaling approximately \$34.2 million, excluding AFUDC, that were placed in service from July 1, 2019 through June 30, 2020.

14. Following duly noticed public hearings, on September 23, 2020, the Board approved the second SHARP II Rate Adjustment, with an effective date of October 1, 2020. The revenue requirement authorized by that Order was approximately \$3.7 million, including Sales and Use Tax (“SUT”), associated with approximately \$33.5 million of SHARP II Investments, excluding AFUDC.

III. REQUEST FOR COST RECOVERY OF SHARP II INVESTMENTS

15. Through this Petition, the Company seeks Board approval to recover the revenue requirements associated with SHARP II Investments placed in service from July 1, 2020 through June 30, 2021. The SHARP II Investments projected to be in service as of June 30, 2021 total approximately \$21.5 million, excluding AFUDC. The Company further proposes a SHARP II Rate Adjustment to take place on October 1, 2021. The Schedules attached to the Direct Testimony of Cindy Capozzoli, Director, Rates, set forth the calculation of the revenue requirement, which is calculated in accordance with the SHARP II Stipulation.

16. With this filing, the Company includes actual data through March 31, 2021 and projected data through June 30, 2021. The projected data for the period April 1, 2021 through June 30, 2021 will be replaced with actual data in an 12+0 update filing to be made with the Board no later than July 15, 2021.

17. Pursuant to the SHARP II Order, 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. GR20030243.

18. The impact of the proposed SHARP II Rate Adjustment on a residential heating customer using 100 therms in a winter month would be an increase of \$0.61, or 0.4%.

IV. SUPPORTING TESTIMONY

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

1. Brent W. Schomber, Vice President of Operations for South Jersey Gas;
and
2. Cindy Capozzoli, Director, Rates for SJI Utilities, Inc.

V. MINIMUM FILING REQUIREMENTS

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

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

VI. PUBLIC NOTICE

22. 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.

23. 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

24. 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 and May 20, 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.

25. 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.

26. 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
Vice President, Rates, Regulatory &
Sustainability
SJI Utilities, Inc.

DATED: April 30, 2021

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

Deborah M. Franco
Vice President, Rates, Regulatory & Sustainability
SJI Utilities, Inc.
520 Green Lane
Union, New Jersey 07083
Tel. No. (908) 662-8448
dfranco@sjindustries.com

Cindy Capozzoli
Director, Rates
SJI Utilities, Inc.
1 South Jersey Place
Atlantic City, NJ 08401
ccapozzoli@sjindustries.com

VERIFICATION

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

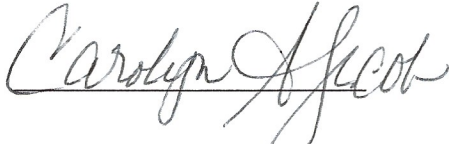
1. I am VP, Rates, Regulatory & Sustainability of SJI Utilities Inc., the parent company to South Jersey Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.

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



Deborah M. Franco
VP/Rates, Regulatory & Sustainability

before me this 30th day
of April 2021



CAROLYN A. JACOBS

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires October 28, 2023



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

MINIMUM FILING REQUIREMENTS	REFERENCE
1) SJG's Income Statement for the most recent 12-month period, as filed with the BPU.	Schedule CC-10: Income Statement
2) SJG's Balance Sheet for the most recent 12-month period, as filed with the BPU.	Schedule CC-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 CC-1: Revenue Requirement Schedule CC-3: Accumulated Depreciation Schedule CC-4: ADIT Schedule CC-5: WACC Schedule CC-6: Depreciation Expense Schedule CC-7: Revenue Factor Schedule CC-8: Rate Design Schedule CC-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 CC-2: AFUDC Rates
6) Draft form of Public Notice	Petition: Exhibit B
7) Projected Bill Impact	Petition & CC 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. _____**

NOTICE IS HEREBY GIVEN that, on April 30, 2021 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 (“SHARP II Investments”). 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 Investments placed in-service from July 1, 2020 through June 30, 2021 totaling approximately \$21.5 million with an October 1, 2021 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, 2021⁽¹⁾	Bill as of October 1, 2021⁽²⁾	Dollar Increase	Percent Increase
25	\$43.70	\$43.85	\$0.15	0.3%
100	\$143.30	\$143.91	\$0.61	0.4%
200	\$276.10	\$277.32	\$1.22	0.4%

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

Therm Level	Bill as of April 1, 2021⁽¹⁾	Bill as of October 1, 2021⁽²⁾	Dollar Increase	Percent Increase
250	\$320.31	\$321.52	\$1.21	0.4%
500	\$603.58	\$606.00	\$2.42	0.4%
1,000	\$1,170.10	\$1,174.95	\$4.85	0.4%

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS) charges in effect February 1, 2021 and assumes that the customer receives BGSS service from South Jersey Gas.

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

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

Exhibit B

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

The effect of the proposed increase would be an increase of \$0.61 or 0.4% for a residential heating 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.

PLEASE TAKE ADDITIONAL NOTICE that due to the COVID-19 state of emergency, a telephonic public hearing will be conducted on the following dates and times so that members of the public may present their views on the Company’s filing. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

Date: TBD

Public Hearing 1: TBD

Public Hearing 2: TBD

Dial In: 1-xxx-xxx-xxxx

Access Code: xxxxxx

The Company’s filing may be viewed on the South Jersey Gas website at www.southjerseygas.com/About-South-Jersey-Gas/Regulatory-Compliance-Tariff-Information.aspx.

Representatives of the Board’s Staff and the Division of Rate Counsel will participate in the telephonic public hearing. Members of the public are invited to participate by utilizing the Virtual Access Code information set forth above, and may express their views on this filing. Such comments will be made part of the final record of the proceeding to be considered by the Board. The Board is also accepting written and emailed comments. Although both will be given equal consideration, the preferred method of transmittal is via email to ensure timely receipt while the Board continues to work remotely due to the COVID-19 pandemic. Written comments may be submitted to the Board Secretary, Aida Camacho, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350. Email comments should be submitted to: board.secretary@bpu.nj.gov. Please include the name of the petition and the docket number when submitting comments. Written and emailed comments will be provided the same weight as statements made at the hearings.

Hearings will continue, if necessary, on such additional dates and at such locations as the Board may designate, to ensure that all interested persons are heard.

SOUTH JERSEY GAS COMPANY

By: Melissa Orsen, President and Chief Operations Officer

**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, 2021

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 Company (“SJG”
5 or “Company”). In this position, I am responsible for providing leadership and direction
6 for all operational activities including but not limited to construction, asset, utility, and
7 engineering operations. I also have responsibility for the capital spending program and
8 operations of 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, 2020 to March 31, 2021, and those which are projected to be made from April
7 1, 2021 through June 30, 2021, 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 Looping Projects are
7 intended to provide redundant feeds to Ocean City, Brigantine, and Atlantic City to help
8 ensure the continuation of natural gas service to the approximately 53,000 customers that
9 are currently served by SJG in those areas in the event of a loss of either single feed line
10 serving these communities. SHARP II investments may not exceed \$33.4 million per year,
11 plus or minus 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 2020-2021 Program Year capital
14 budget, broken down by major categories, including both budgeted and actual information
15 through March 31, 2021, 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 3 of the SHARP II.**

19 **A.** For the period July 1, 2020 through March 31, 2021, the Company invested \$4,063,554
20 excluding AFUDC, in Construction Work in Progress ("CWIP") and installed 959 EFVs
21 located in the following areas: Sea Isle, Ventnor, Brigantine, and Avalon. The Company
22 anticipates that by June 30, 2021 it will have invested a total of \$4,515,803, excluding
23 AFUDC, related to the installation of 1,050 SHARP II EFVs. The Company anticipates a

1 total of \$21,499,249 in SHARP II projects to be placed in-service as of June 30, 2021. The
2 original EFV installation projections for SHARP II and the actual capital expenditures
3 incurred through March 31, 2021, are summarized further in the SHARP II Quarterly
4 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 9,450 EFVs throughout the three (3) year program at
9 a total cost of approximately \$45.5 million, compared to the originally estimated 20,000
10 EFV installations at a total cost of approximately \$63 million. As explained in my
11 testimony submitted in the Company's base rate case filed in March, 2020 in BPU Docket
12 No. GR20030243, the costs reflected in the Company's original EFV budget were based
13 on the best information available to the Company at that time. Nonetheless, the actual
14 costs of components of the program, such as the costs of the EFVs installed as part of the
15 program, have turned out to be more expensive based on the response to the Company's
16 competitive bids. Specifically, the forecast cost to install EFVs was \$3,650 per installation
17 while the actual cost based on the results of competitive bids has been approximately
18 \$4,700 per installation. In addition, in forecasting the original costs of the EFVs, the
19 Company estimated that most main would be behind the curb, thus minimizing the
20 Company's restoration costs. Unfortunately, most of the main is in the street, resulting in
21 increased labor and restoration costs. While the costs have exceeded the Company's
22 original estimates, the Company continues to believe that the benefits of the program in
23 terms of increased reliability justify full recovery of the program's cost.

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

2 **A.** Actual results related to the Looping Projects for the period July 1, 2020 to March 31, 2021
3 and projections for the period April 1, 2021 to June 30, 2021 are as follows:

4 **Absecon Island**

5 For the period July 1, 2020 through March 31, 2021, the Company invested \$2,324,031
6 excluding AFUDC, which involved the close out of the project's construction phase and
7 final documentation of the projects as-builts and associated records. The Company has
8 placed into service the Absecon Island Loop project in June 2020 at a total cost of
9 approximately \$21.9 million. The Company is seeking recovery of these investments in
10 this current proceeding, as reflected in the revenue requirement schedules provided in the
11 Direct Testimony of Cindy Capozzoli.

12 **Ocean City**

13 For the period July 1, 2020 through March 31, 2021, the Company invested \$2,614,250,
14 excluding AFUDC, while working toward the completion of the project's construction
15 phase and final documentation of the projects as-builts and associated records. The
16 Company will place into service the Ocean City Loop project in June 2021 at a total cost
17 of approximately \$8.8 million.

18 **Brigantine Bridge**

19 For the period July 1, 2020 through March 31, 2021, the Company invested \$3,112,097,
20 excluding AFUDC, while working toward substantial completion of the project's
21 engineering/design phase as well as the projects construction phase. The Company began
22 construction in December 2020 and expects an in-service date of June 2021 in Year 3 of
23 the Program. Total project investments are projected at approximately \$5.9 million.

1 The SHARP II Looping Project descriptions, capital expenditure projections, and actual
2 capital expenditures incurred through March 31, 2021, are summarized further in the
3 SHARP II Quarterly Report attached hereto as Schedule BS-1.

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

6 **A.** As explained in Schedule BS-1, the Company closed out the Absecon Island Loop Project
7 at approximately \$21.9 million compared to the original forecast of approximately \$14
8 million. This increase is due to higher than anticipated construction costs, as well as
9 increased restoration requirements. The Company also closed out the Ocean City Loop
10 Project at approximately \$8.8 million compared to the original forecast of approximately
11 \$19 million. This decrease is due to lower than anticipated construction costs, as well as
12 decreased restoration requirements. Further cost and completion date information
13 regarding all the Looping Projects is set forth in Schedule BS-1.

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

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

16 **A.** Pursuant to the SHARP II Order, the Company is required to spend an additional
17 \$10 million over the three-year program that is not recoverable through SHARP II (the
18 "Stipulated Base"). The Stipulated Base includes service replacements identified during
19 the installation of EFVs in the coastal areas. SJG has installed 2,150 EFVs as part of its
20 Stipulation Base with final restoration remaining and a total estimated cost of
21 approximately \$10 million. Relatedly, as part of the Company's normal base capital
22 spending, the Company is also required to complete all localized main replacements
23 necessary to permit minimum pressure levels at all portions of each of the Looping
24 Projects, including peak demand days and instances when one of the supply feeds is not

1 available, prior to placing the projects in service. The Company has completed all localized
2 main replacements for the SHARP II program. Once again, these investments represent
3 base capital expenditures and are not included in the SHARP II revenue requirement
4 proposed in this proceeding.

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

6 **A.** Yes, it does.



April 30, 2021

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, 2021. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided. SJG South Jersey Gas is suspending the submission of a hard copy and hereby files our SHARP II Quarterly Report for period ending March 2021 via electronic mail only per Board Order in Docket No. EO20030254 dated March 19, 2020 and May 20, 2020.

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

Respectfully,

A handwritten signature in blue ink that reads "Cindy Capozzoli".

Cindy Capozzoli
Director, Rates

DMF:caj/f113
Enclosures

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

R. Wenzel
B. Ritz

SHARP II Quarterly Report
As of March 31, 2021

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
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 3: July 1, 2020 through June 30, 2021**

	Total (Program Year)	Year to Date (As of March 2021)	Q1 2021 (January 2021 - March 2021)	Q1 2021
	<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	\$2,051,000	\$2,324,031	\$0	\$16
Ocean City Loop Project	\$2,225,000	\$2,614,250	\$0	\$68,706
Brigantine Bridge Project	\$3,333,000	\$3,112,097	\$2,500,000	\$1,704,935
Excess Flow Valves (EFVs)	\$14,237,000	\$4,063,554	\$0	\$880,038
TOTAL	\$21,846,000	\$12,113,932	\$2,500,000	\$2,653,695

**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 million
Actual Spend to Date (As of March 2021)	\$45,213,898

**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 2021)	\$21,945,385

**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
Revised Cost Estimate	\$9,000,000
Actual Spend to Date (As of March 2021)	\$8,807,739

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	June 2021
Revised Cost Estimate	\$4,100,000
Actual Spend to Date (As of March 2021)	\$3,287,376

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

South Jersey Gas Company is currently working on installation of the balance of the 11,000 EFV's targeted for replacement as reported during the last quarterly update. From July 1, 2020 through March 31, 2021, the Company has installed approximately 959 EFV's and expended approximately \$4.1 million (excluding AFUDC). The Company will complete the remaining EFV's within Year 3 of the program. Subsequently, from July 1, 2020 through March 31, 2021, the Company has installed approximately 2,090 EFV's and expended \$8.0 million in relation to the stipulated base requirement. The Company is anticipating completion of these base EFV's within Q2 of 2021.

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, 2019 through March 2021

<u>SHARP II</u>	<u>Originally Approved Spend (a)</u>	<u>Revised Estimated Spend (N-1) (b)</u>	<u>Actual Cost Life to Date (As of March 2021) (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	\$22,000,000	\$21,945,385	99.8%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$1,248,733 \$4,147,816 \$1,414,172 \$13,303,180 \$1,831,485 <hr/> \$21,945,385	56	88
Ocean City Loop Project	\$19,125,000	\$9,000,000	\$8,807,739	97.9%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$826,966 \$107,869 \$1,478,218 \$5,646,061 \$748,625 <hr/> \$8,807,739	77	35
Brigantine Bridge Project	\$4,075,000	\$4,100,000	\$3,287,376	80.2%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$370,040 \$365,901 \$208,917 \$1,969,150 \$373,369 <hr/> \$3,287,376	16	13
Excess Flow Valves (EFVs)	\$63,100,000	\$52,000,000	\$45,213,898	86.9%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$306,676 \$1,086,125 \$2,177,589 \$37,764,224 \$3,879,284 <hr/> \$45,213,898	252	181
TOTAL	\$100,250,000	\$87,100,000	\$79,254,399	79.1%		\$79,254,399	401	317

N-1: Revised Estimated Spend as per Stipulation in BPU Docket NO. GR19040529.



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Deborah M. Franco, Esq.
VP. Rates, Regulatory Affairs, & Sustainability

March 1, 2021

Electronic Filing

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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, 2020. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided. SJG South Jersey Gas is suspending the submission of a hard copy and hereby files our SHARP II Quarterly Report for period ending December 2020 via electronic mail only per Board Order in Docket No. EO20030254 dated March 19, 2020 and May 20, 2020.

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
VP/Rates, Regulatory & Sustainability

DMF:caj/fl13
Enclosures

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

R. Wenzel
B. Ritz
N. Gatyas

SHARP II Quarterly Report
As of December 31, 2020

**South Jersey Gas Company
Storm Hardening and Reliability Program ("SHARP II")
Capital Spending Summary (Excluding AFUDC)
Program Year 3: July 1, 2020 through June 30, 2021**

	Total (Program Year)	Year to Date (As of December 2020)	Q4 2020 (October 2020 - Decemeber 2020)	Q4 2020 (October 2020 - Decemeber 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	\$2,051,000	\$2,324,015	\$0	-\$8,986
Ocean City Loop Project	\$2,225,000	\$2,545,544	\$1,850,000	\$1,121,278
Brigantine Bridge Project	\$3,333,000	\$1,407,162	\$60,000	\$1,386,031
Excess Flow Valves (EFVs)	\$14,237,000	\$3,183,516	\$1,880,000	\$2,859,397
TOTAL	\$21,846,000	\$9,460,237	\$3,790,000	\$5,357,720

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
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

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
Revised Cost Estimate	\$52 million
Actual Spend to Date (As of December 2020)	\$44,333,860

**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 2020)	\$21,945,369

**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
Revised Cost Estimate	\$9,000,000
Actual Spend to Date (As of December 2020)	\$8,739,033

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	April 2021
Revised Cost Estimate	\$4,100,000
Actual Spend to Date (As of December 2020)	\$1,582,441

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

South Jersey Gas Company is currently working on installation of the balance of the 11,000 EFV's targeted for replacement as reported during the last quarterly update. From July 1, 2020 through December 31, 2020, the Company has installed approximately 781 EFV's and expended approximately \$3.2 million (excluding AFUDC). The Company will complete the remaining EFV's within Year 3 of the program. Subsequently, from July 1, 2020 through December 31, 2020, the Company has installed approximately 1499 EFV's and expended \$5.7 million in relation to the stipulated base requirement. The Company is anticipating completion of these base EFV's within Q1 of 2021.

The Stipulation approved by the BPU in SJG's most recent base rate case in BPU Docket No. GR20030243 requires the Company to report on the per unit costs of its purchases and installations of EFVs and explain the reasons for any per unit changes in the cost of purchases or installations of EFVs. Toward that end, the Company has installed approximately 9,134 EFV's from July 1, 2018 through December 31, 2020. During that period, the Company has expended approximately \$44.3 million or an average of \$4,850 per unit. Paving costs have increased the average cost per unit slightly, however, consistent with the BPU's Order in BPU Docket No. GR19040529, the Company projects that through the completion of the EFV portion of the program that it will average approximately \$4,750 per unit. See also Schedule 4, N-1 included with this filing.

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, 2019 through December 2020

<u>SHARP II</u>	<u>Originally Approved Spend (a)</u>	<u>Revised Estimated Spend (N-1) (b)</u>	<u>Actual Cost Life to Date (As of December 2020) (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	\$22,000,000	\$21,945,369	99.8%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$1,248,733 \$4,147,816 \$1,414,157 \$13,303,180 \$1,831,483 <hr/> \$21,945,369	56	88
Ocean City Loop Project	\$19,125,000	\$9,000,000	\$8,739,033	97.1%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$744,892 \$107,869 \$1,498,389 \$5,646,061 \$741,822 <hr/> \$8,739,033	77	35
Brigantine Bridge Project	\$4,075,000	\$4,100,000	\$1,582,441	38.6%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$238,623 \$365,803 \$158,692 \$612,000 \$207,323 <hr/> \$1,582,441	16	6
Excess Flow Valves (EFVs)	\$63,100,000	\$52,000,000	\$44,333,860	85.3%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$306,002 \$1,082,125 \$2,161,692 \$36,993,538 \$3,790,502 <hr/> \$44,333,860	252	177
TOTAL	\$100,250,000	\$87,100,000	\$76,600,703	76.4%		\$76,600,703	401	306

N-1: Revised Estimated Spend as per Stipulation in BPU Docket NO. GR19040529.

December 1, 2020

Electronic Filing

Stacy Peterson, Director
Division of Energy
NJ Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
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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
In the Matter of Settlement of South Jersey Gas Company Base Rate Case To Provide Per Unit Costs of Its Purchases and Installations of Excess Flow Valves (“EFVs”) Over the Most Recent Annual Period Docket No. GR20030243**

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, 2020. A summary setting forth each Quarterly Reporting Requirement and its location within this Report is also provided. SJG South Jersey Gas is suspending the submission of a hard copy and hereby files our SHARP II Quarterly Report for period ending September 2020 via electronic mail only per Board Order in Docket No. EO20030254 dated March 9, 2020 and May 20, 2020.

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

Respectfully,



Deborah M. Franco
VP/Rates, Regulatory & Sustainability

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 September 30, 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: <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
3) Anticipated SHARP II Program timeline with updates and expected changes.	Schedule 3
4) Planned and forecasted spending schedule detailing the SHARP II Projects for the program year as compared to originally approved capital spending plans	Schedule 1 and Schedule 4
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7) A list of any and all funds or credits received from the United States government, the State of New Jersey, a country or a municipality, for work related to any of the Program projects, as well as an explanation of the financial treatment associated with the receipt of the government funds or credits.	Schedule 3

**South Jersey Gas Company
Storm Hardening and Reliability Program ("SHARP II")
Capital Spending Summary (Excluding AFUDC)
Program Year 3: July 1, 2020 through June 30, 2021**

	Total (Program Year)	Year to Date (As of September 2020)	Q3 2020 (July 2020 - Septemeber 2020)	Q3 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	\$2,051,000	\$2,333,000	\$0	\$2,333,000
Ocean City Loop Project	\$2,225,000	\$1,424,266	\$1,850,000	\$1,424,266
Brigantine Bridge Project	\$3,333,000	\$21,131	\$60,000	\$21,131
Excess Flow Valves (EFVs)	\$14,237,000	\$324,119	\$1,880,000	\$324,119
TOTAL	\$21,846,000	\$4,102,516	\$3,790,000	\$4,102,516

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
Revised Cost Estimate	\$52 million
Actual Spend to Date (As of September 2020)	\$41,474,463

**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 September 2020)	\$21,954,355

**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 2019-2020
Estimated In-Service Date	December 2020
Revised Cost Estimate	\$9,000,000
Actual Spend to Date (As of September 2020)	\$7,617,755

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	April 2021
Revised Cost Estimate	\$4,100,000
Actual Spend to Date (As of September 2020)	\$196,411

South Jersey Gas Company

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

SJG is currently working on installation of the balance of the 11,000 EFV's targeted for replacement as reported during the last quarterly update. From July 1 through September 30, SJG has installed approximately 60 EFV's and expended approximately \$324,000 (excluding AFUDC). Installations for the quarter were low due to the seasonal tourism activity. The Company will complete the remaining EFV's within Year 3 of the program. During the time between July 1 through September 30, SJG has installed approximately 550 EFV's and expended \$1.8M in relation to the stipulated base requirement. The Company is anticipating completion of these base EFV's within Q1 of 2021.

As per the settlement agreement in the recent SJG Rate Case, please see following relating to the EFV installations Life to Date. The Company has installed approximately 8,395 EFV's from July 2018 through September 2020. During that same time period, the Company has expended approximately \$41.5M or an average of \$4,940 per unit. Paving costs have increased the average cost per unit slightly but the Company projects that through the completion of the EFV portion of the program that it will average approximately \$4,750 per unit.

The Company anticipates completion of the engineering and design phase, and the completion of the construction phase associated with the Brigantine Bridge Project, as well as completion of the Ocean City Loop Project in Year 3 of the SHARP II Program. SJG has completed and placed into service the Absecon Island Loop project in June 2020 at a total cost of approximately \$21.9 million. Due to the lead time necessary for engineering, design and permitting, the Brigantine Bridge Project and the Ocean City Loop Looping Projects will be placed in-service during the third year of the Program. The projected in-service dates for the Ocean City and Brigantine Bridge looping projects are December 2020 and April 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, 2019 through September 2020

<u>SHARP II</u>	<u>Originally Approved Spend</u> (a)	<u>Revised Estimated Spend (N-1)</u> (b)	<u>Actual Cost Life to Date</u> (As of September 2020) (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	\$21,954,355	99.8%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$1,276,017 \$4,147,816 \$1,404,597 \$13,254,099 \$1,871,826 <hr/> \$21,954,355	56	88
Ocean City Loop Project	\$19,125,000	\$9,000,000	\$7,617,755	84.6%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$626,319 \$107,869 \$1,461,514 \$4,782,391 \$639,662 <hr/> \$7,617,755	77	30
Brigantine Bridge Project	\$4,075,000	\$4,100,000	\$196,411	4.8%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$179,547 \$915 \$0 \$0 \$15,949 <hr/> \$196,411	16	1
Excess Flow Valves (EFVs)	\$63,100,000	\$52,000,000	\$41,474,463	79.8%	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	\$306,002 \$1,057,125 \$2,013,378 \$34,622,690 \$3,475,268 <hr/> \$41,474,463	252	166
TOTAL	\$100,250,000	\$87,100,000	\$71,242,983	71.1%		\$71,242,983	401	285

N-1

Revised Estimated Spend as per Stipulation in BPU Docket NO. GR19040529.

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

DIRECT TESTIMONY

OF

CINDY CAPOZZOLI

**Director, Rates
SJI Utilities, Inc.**

**On Behalf of
South Jersey Gas Company**

April 30, 2021

1 **I. INTRODUCTION**

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

3 A. My name is Cindy Capozzoli and I am Director, Rates for SJI Utilities, Inc. (“SJIU”).

4 My business address is One South Jersey Place, Atlantic City, NJ 08401.

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

6 A. I received a Bachelor of Science Degree in Accounting and Finance from Drexel University
7 in 1991 and obtained a Masters in Business Administration Degree with a concentration in
8 Financial Management from Drexel University in 2000. In February 2021, I joined SJIU
9 as Director, Rates providing financial and analytical support in rates and regulatory affairs
10 matters for South Jersey Gas Company (“SJG” or the “Company”) and its sister New
11 Jersey public utility, Elizabethtown Gas Company (“Elizabethtown”).

12 In my current role, I manage the Company’s Rate Department activities, including
13 the preparation and coordination of all rate case, revenue-related and other filings before
14 the New Jersey Board of Public Utilities (“BPU” or the “Board”). Prior to my employment
15 at SJIU, I worked for Debt Compliance Services. I also have two decades of experience in
16 corporate finance and held treasury, financial planning and related positions at Innovairre
17 and Campbell Soup Company as well as roles in rates and financial reporting for SJG from
18 1994 to 1999. I am a Certified Public Accountant licensed in New Jersey since 1991 (status
19 is currently “Inactive”) and am a Certified Treasury Professional certificated by the
20 Association for Financial Professionals (“AFP”) since July 2012. Also, I am a member of
21 the New Jersey Utilities Association (“NJUA”), where I serve on the Finance and
22 Regulations Committee.

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

1 A. The purpose of my testimony is to support the Company’s proposed base rate adjustments
2 related to the investments made pursuant to the Company’s Storm Hardening and
3 Reliability Program (“SHARP II Investments”), which was approved by Board Order dated
4 May 22, 2018 in Docket No. GO17111130 (the “SHARP II Order”). Pursuant to the
5 SHARP II Order, cost recovery for SHARP II Investments are effectuated by an annual
6 adjustment to the Company’s base distribution rates (“SHARP II Rate Adjustment”). The
7 proposed SHARP II Adjustment requested in this Petition will become effective on
8 October 1, 2021 and is currently based on the revenue requirements associated with
9 SHARP II Investments made and anticipated for the period July 1, 2020 through June 30,
10 2021. This testimony provides an overview of the SHARP II cost recovery mechanism
11 and the calculation of the associated revenue requirement and rate design. It also addresses
12 certain Minimum Filing Requirements (“MFRs”) as set forth in the SHARP II Order.

13 **II. SHARP II COST RECOVERY MECHANISM**

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

15 A. The SHARP II cost recovery process is effectuated by annual revenue adjustment filings
16 (“Annual Filings”) made in April of each year. With this Annual Filing, South Jersey is
17 seeking cost recovery of SHARP II Investments that are placed in service during the period
18 July 1, 2020 to June 30, 2021 totaling \$21,499,249 (excluding Accumulated Funds Used
19 During Construction, “AFUDC”), with a base rate adjustment to be effective October 1,
20 2021. Included with this filing is actual data for projects placed in service through March
21 31, 2021. The Company will provide an updated filing with 12+0 actual data through June
22 30, 2021 no later than July 15, 2021.

23 **Q. What is the forecasted revenue requirement proposed for the SHARP II Rate**
24 **Adjustment to take place on October 1, 2021?**

1
2 **A.** The Company is proposing a revenue requirement of \$2,302,187, including Sales and Use
3 Tax (“SUT”), or \$2,159,144 excluding SUT. The calculation of the revenue requirement
4 associated with the proposed SHARP II Rate Adjustment is provided in the attached
5 Schedule CC-1.

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

8
9 **A.** SHARP II revenue requirements are calculated utilizing the following formula, approved
10 in the SHARP II Order:

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

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

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

18 **Q. What types of expenditures are included in the SHARP II Investments?**

19 **A.** SHARP II Investments are all prudently incurred SHARP II project capital expenditures,
20 including actual costs of engineering, design and construction, property acquisition, actual
21 labor, material overheads, and capitalized AFUDC associated with the SHARP II projects.
22 The Company’s actual SHARP II Investments through March 31, 2021 and projected
23 SHARP II Investments through June 30, 2021 are summarized in the Direct Testimony of
24 Brent W. Schomber and are provided in Schedule BS-1.

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

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

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

6 A. Accumulated depreciation for SHARP II Investments is calculated based on the monthly
7 depreciable base by asset class multiplied by the associated depreciation rate for that asset,
8 as established in the Company’s most recent base rate case, Docket No. GR20030243. The
9 depreciation rates utilized for distribution mains, distribution services, and transmission
10 mains are 1.48%, 2.23% and 1.27%, respectively. The accumulated depreciation
11 calculation is included in Schedule CC-3, attached hereto.

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

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

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

19
20 A. Pursuant to the SHARP II Order, the return on SHARP II Rate Base proposed in this
21 Annual Filing is 6.90% (6.42% after tax), which was calculated utilizing a 9.60% return on
22 common equity and an equity level in the capital structure of 54.0%. This calculation is
23 included in Schedule CC-5, attached hereto.

24

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

1 A. Depreciation expense for SHARP II Investments is calculated based on the asset class
2 multiplied by the associated depreciation rate for that asset, as established in the
3 Company's most recent base rate case, Docket No. GR20030243. The depreciation rates
4 utilized for distribution mains, distribution services, and transmission mains are 1.48%,
5 2.23% and 1.27%, respectively. Because the revenue requirement is adjusted by a revenue
6 factor that includes Federal and State income taxes, the depreciation expense is calculated
7 on a net of tax basis. For Federal tax purposes, the tax basis associated with the
8 depreciation expense is calculated as direct plant-in-service, plus the debt component of
9 the AFUDC transferred into service. Because there is no tax deduction associated with the
10 equity component of AFUDC, it is not included in the tax basis of the plant-in-service. As
11 a result, there is no tax depreciation expense associated with the AFUDC equity portion of
12 the plant-in-service. The annual depreciation expense, net of tax, is calculated as the annual
13 depreciation expense, multiplied by 1 minus the Company's current tax rate. The
14 annualized depreciation expense calculation, net of tax, is included in Schedule CC-6.

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

16 A. The revenue factor adjusts the revenue requirement to reflect Federal and State income
17 taxes, as well as the costs associated with the Board and the Division of Rate Counsel
18 Annual Assessments (collectively referred to as Public Utility Assessment Tax), and Bad
19 Debt. Pursuant to the SHARP II Order, the revenue factor to be utilized in calculation of
20 the revenue requirement is 1.418291, which is the revenue factor that was utilized to set
21 rates in the Company's most recent base rate case, Docket No. GR20030243, adjusted to
22 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 CC-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 CC-8. Tariff Sheets reflecting
14 these proposed rates are attached hereto as Schedule CC-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 \$0.61, or 0.4%.

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, 2020 and the Company's Balance Sheet as of December

1 31, 2020. This information is attached hereto as Schedules CC-10 and CC-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 AND RATE CALCULATION
Year 3 - Roll-In 10/1/2021

Line		
No.		
1		
2	Projected Plant in Service as of June 30, 2021	\$21,499,249
3	AFUDC	502,038
4	Projected Gross Plant in Service as of June 30, 2021	<u>22,001,287</u>
5		
6	Accumulated Depreciation	<u>(238,443)</u>
7		
8	Rate Base	21,762,844
9		
10	Accumulated Deferred Tax	<u>(170,037)</u>
11		
12	Net Rate Base	21,592,807
13		
14	Rate of Return - Net	<u>6.42%</u>
15		
16	Return Requirement (Net of Tax)	1,385,826
17		
18	Depreciation Expense, Net of Tax	<u>237,386</u>
19		
20	Revenue Recovery	1,623,212
21		
22	Revenue Factor	<u>1.418291</u>
23		
24	Total Revenue Requirement, including SUT	<u><u>\$2,302,187</u></u>
25		
26	Total Revenue Requirement, excluding SUT	<u><u>\$2,159,144</u></u>

**SOUTH JERSEY GAS COMPANY
SHARP II AFUDC RATE
FOR THE MONTH JANUARY 2021**

	CWIP Balance	ST Debt	Approved WACC	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	22,438,401	10,418,421					0.3150%
AIRP II	18,052,339	8,381,920					
SHARP II	<u>3,237,543</u>	<u>1,503,230</u>	6.90%	225	9,973	10,198	
Totals	43,728,283	20,303,571					

ST Debt Balance..... 20,303,571
ST Debt Rate..... 0.1800%

**SOUTH JERSEY GAS COMPANY
SHARP II AFUDC RATE
FOR THE MONTH FEBRUARY 2021**

	CWIP Balance	ST Debt	Approved WACC	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	22,438,401	10,124,183					
AIRP II	19,323,210	8,718,612					
SHARP II	<u>3,237,543</u>	<u>1,460,776</u>	6.90%	219	10,217	10,436	0.3223%
Totals	44,999,154	20,303,571					

ST Debt Balance..... 20,303,571
ST Debt Rate..... 0.1800%

**SOUTH JERSEY GAS COMPANY
SHARP II AFUDC RATE
FOR THE MONTH MARCH 2021**

	CWIP Balance	ST Debt	Approved WACC	AFUDC @ STD (monthly)	AFUDC @ WACC (monthly)	AFUDC @ TOTAL (monthly)	Effective Rate for Month
Regular	28,061,907	4,435,696					0.4865%
AIRP II	18,944,705	2,994,556					
SHARP II	<u>3,288,122</u>	<u>519,748</u>	6.90%	78	15,919	15,997	
Totals	50,294,734	7,950,000					

ST Debt Balance..... 7,950,000
ST Debt Rate..... 0.1800%

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")
ACCUMULATED DEPRECIATION EXPENSE
PROGRAM YEAR 3**

	<u>Actual</u> <u>Jul-20</u>	<u>Actual</u> <u>Aug-20</u>	<u>Actual</u> <u>Sep-20</u>	<u>Actual</u> <u>Oct-20</u>	<u>Actual</u> <u>Nov-20</u>	<u>Actual</u> <u>Dec-20</u>	<u>Actual</u> <u>Jan-21</u>	<u>Actual</u> <u>Feb-21</u>	<u>Actual</u> <u>Mar-21</u>	<u>Projected</u> <u>Apr-21</u>	<u>Projected</u> <u>May-21</u>	<u>Projected</u> <u>Jun-21</u>	Total
Absecon Island Loop Project													
Depreciable Base	\$19,761,943	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Rate- Annual 1.27%	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	\$21,244	\$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 1.27%	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 1.48%	0.11%	0.11%	0.11%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFV Project													
Depreciable Base	\$62,848	\$25,569	\$94,768	\$346,518	\$1,198,251	\$2,436,377	\$3,210,241	\$3,700,565	\$3,821,726	\$4,096,284	\$4,527,887	\$4,530,402	
Depreciation Rate- Annual 2.23%	0.17%	0.17%	0.17%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Depreciation Expense	\$105	\$43	\$159	\$644	\$2,227	\$4,528	\$5,966	\$6,877	\$7,102	\$7,612	\$8,414	\$8,419	
Total Depreciation Expense	21,349	43	159	644	2,227	4,528	5,966	6,877	7,102	7,612	8,414	8,419	73,339

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	Projected Plant in Service as of June 30, 2021	\$ 21,499,249	\$ 21,499,249
3	AFUDC	\$ 502,038	\$ 502,038
4	Less AFUDC-Equity	\$ (383,083)	\$ (383,083)
5	Projected Total Investment as of June 30, 2021	<u>\$ 21,618,204</u>	<u>\$ 21,618,204</u>
6			
7	Bonus Depreciation	\$ -	\$ -
8	Tax Depreciation	\$ 990,052	\$ 990,052
9	Total Tax/Bonus Depreciation	<u>\$ 990,052</u>	<u>\$ 990,052</u>
10			
11	Book Depreciation	\$ (385,153)	\$ (385,153)
12			
13	Net	<u>\$ 604,898</u>	<u>\$ 604,898</u>
14			
15	Deferred Tax	\$ 54,441	\$ 127,029
16			
17	Benefit of State Deferred on Federal		\$ (11,433)
18			
19	Total Deferred Tax Liability		<u><u>\$ 170,037</u></u>
20			

**SOUTH JERSEY GAS COMPANY
STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II")
WEIGHTED AVERAGE COST OF CAPITAL
2020 RATE CASE - DOCKET NO. GR20030243**

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>	<u>After-Tax Weighted Cost Rate</u>
Long-Term Debt	46.00%	3.73%	1.72%	1.23%
Common Equity	<u>54.00%</u>	9.60%	<u>5.18%</u>	<u>5.18%</u>
	<u>100.00%</u>		<u>6.90%</u>	<u>6.42%</u>

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

Line	<u>Absecon Island</u>		<u>Brigantine</u>			<u>Total</u>
No	<u>Loop</u>	<u>Ocean City Loop</u>	<u>Bridge</u>	<u>EFVs</u>		
1	Projected Plant in service as of June 30, 2021	\$ 2,324,031	\$ 8,807,739	\$ 5,851,676	\$ 4,515,803	\$ 21,499,249
2	AFUDC	\$ 81,129	\$ 357,365	\$ 48,944	\$ 14,599	\$ 502,038
3	Less: AFUDC Equity	\$ (74,367)	\$ (262,508)	\$ (32,758)	\$ (13,450)	\$ (383,083)
4	Total Depreciable Base	\$ 2,330,793	\$ 8,902,596	\$ 5,867,863	\$ 4,516,952	\$ 21,618,204
5						
6	Annual Depreciation Rate	1.27%	1.27%	1.48%	2.23%	
7	Annual Depreciation Expense	\$ 29,601	\$ 113,063	\$ 86,844	\$ 100,728	\$ 330,236
8						
9	Income Taxes (28.11%)					\$ (92,829)
10						
11	Annual Depreciation Expense, Net of Tax					\$ 237,407
12						

SOUTH JERSEY GAS COMPANY
 INFRASTRUCTURE INVESTMENT PROGRAM ("IIP")
 DERIVATION OF REVENUE FACTOR
 2020 RATE CASE - DOCKET NO. GR20030243

Line No.			
1	Components:		
2			
3			
4	Additional Required Revenue Percentage		100.000%
5			
6	Percentage Adjustment for Uncollectibles		1.649700%
7	BPU Assessments		0.2205%
8	Rate Counsel Assessments		0.053099%
9			
10	Percentage of Income Before State Income Tax		98.07675%
11			
12	State Income Tax Percentage	9%	<u>8.8269%</u>
13			
14	Percentage of Income Before Federal Income Tax		89.2498%
15			
16	Federal Income Tax Percentage	21%	<u>18.742%</u>
17			
18	Revenue Expansion Factor - Percent		70.5074%
19			
20	Revenue Expansion Factor - Whole Number		<u><u>1.418291</u></u>

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 - GAS

**Second Revised Sheet No. 6
Superseding First 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: \$10.502563 per month

Delivery Charge:

(a) Residential Non-Heating Customers
Firm Sales Service and Firm Transportation Service \$~~913483~~919592 per therm

(b) Residential Heating Customers
Firm Sales Service and Firm Transportation Service \$~~1.0985601~~1.104669 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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M. Orsen, President

Effective with service rendered
on and after _____

Filed pursuant to Order in Docket No. _____ of the Board of
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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 - GAS

**Second Revised Sheet No. 10
Superseding First 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:

\$37.052188 per month

Delivery Charges:

Firm Sales Service and Firm Transportation Service

\$903634-908481 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. 13 - GAS

**Second Revised Sheet No. 14
Superseding First 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:

\$239.906300 per month

Delivery Charges:

Firm Sales Service and Firm Transportation Service⁽²⁾

Demand Charge:

D-1FT: \$13.061563 per Mcf of Contract Demand

Volumetric Charge:

\$.~~535118~~-537884 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. 13 - GAS

**Second Revised Sheet No. 18
Superseding First 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: \$799.687500 per month

Delivery Charges:

Demand Charge: D-IFT: \$33.853438 per Mcf of Contract Demand

Volumetric Charges:

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service per therm \$~~466387~~168046

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 \$138588 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. 13 - GAS

**Second Revised Sheet No. 25
Superseding First 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:

\$1,119.562500per month

Delivery Charge:

Firm Sales Service and Firm Transportation Service

Demand Charge:

D-1FT: \$19.992188 per Mcf of Contract Demand

Volumetric Charge:

\$.~~136929~~137856 per therm

Basic Gas Supply Service ("BGSS") Charge:

Demand Charge:

D-2: \$16.530999 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. 13 - GAS

**Second Revised Sheet No. 38
Superseding First 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:

\$10.502600 per month

Residential Delivery Charge

Residential Volumetric Charge: \$.336465 per therm

Commercial and Industrial Customer Charge:

\$84.233750 per month

Commercial and Industrial Delivery Charge:

Commercial and Industrial Demand Charge:

D-1 Charge: \$8.796563 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

\$~~.331873~~.333061 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. 13 - GAS

**Second Revised Sheet No. 39
Superseding First 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

~~\$.299886~~ 301073 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. 13 - GAS

**Second Revised Sheet No. 43
Superseding First 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:

\$799.6875 per month

FIRM:

Demand Charges: ⁽²⁾

D-1 \$27.05151327.234597 per Mcf of Firm Daily Contract Demand.

D-2 \$16.610234 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

Volumetric Charge:

C-1: \$.076288 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 \$8.265500 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

Volumetric Charge: ⁽²⁾

C-1: \$.076288 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. 13 - GAS

**First Revised Sheet No. 49
Superseding Original 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 \$~~15.7626~~1015.825922 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.

Issued _____
by South Jersey Gas Company,
M. Orsen, President

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on and after _____

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 - GAS

**First Revised Sheet No. 50
Superseding Original 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 \$~~19.07861719~~19.146868 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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M. Orsen, President

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on and after _____

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 - GAS

**Second Revised Sheet No. 60
Superseding First 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: \$0.076288 per therm (\$0.095360 GGE*)

Distribution Charge: \$0.~~235773~~-237449 per therm (\$0.~~294716~~-296811 GGE*)

Compression Charge: \$0.655699 per therm (\$0.819624 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 January 1, 2020 these taxes were \$0.105 and \$0.184 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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M. Orsen, President

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on and after _____

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 - GAS

**Second Revised Sheet No. 61
Superseding First 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	\$234.575000
25,000 and greater Cf/hour	\$986.281250

Volumetric Charges

C-1: \$0.076288 per therm (\$0.095360 GGE)

Distribution Charge: \$0.~~235773~~-237449 per therm (\$0.~~294716~~-296811 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: \$0.256556 (\$0.320695 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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M. Orsen, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 – GAS

**Second Revised Sheet No. 62
Superseding First 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	\$234.575000
25,000 and greater Cf/hour	\$986.281250

Volumetric Charge

C-1: \$0.076288 per therm (\$0.095360 GGE)

Distribution Charge: \$0.~~235773~~237449 per therm (\$0.~~294716~~296811 GGE)

Facilities Charge

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

C-2: \$0.256556 per therm (\$0.320695 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.

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M. Orsen, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 13 - GAS

**First Revised Sheet No. 104
Superseding Original 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. 810259 - 815989 per therm
Group II (RSG heating):	\$0. 810259 - 815989 per therm
Group III (GSG):	\$0. 664493 - 669039 per therm
Group IV (GSG-LV):	\$0. 329642 - 332236 per therm

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

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M. Orsen, President

Effective with service rendered
on and after _____

Filed pursuant to Order in Docket No. _____ of the Board of
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SOUTH JERSEY GAS COMPANY
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>
<u>CUSTOMER CHARGE</u>		9.850000		0.652563	10.502563
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.815989		0.054059	0.870048
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	0.010800	0.000000	0.000800	0.011600
		0.074491	0.000159	0.005030	0.079680
Total SBC					
CIP	M	(0.109222)	(0.000274)	(0.007254)	(0.116750)
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
TOTAL DELIVERY CHARGE		0.862288	0.000088	0.057216	0.919592
BGSS: (Applicable To Sales Customers Only)	A	0.214627	0.000538	0.014255	0.229419

SOUTH JERSEY GAS COMPANY
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<u>RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE					
DELIVERY CHARGE (per therm):					
Base Rate		9.850000		0.652563	10.502563
TIC	C	0.815989		0.054059	0.870048
		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	0.010800	0.000000	0.000800	0.011600
		0.074491	0.000159	0.005030	0.079680
Total SBC					
CIP	M	0.063922	0.000160	0.004245	0.068327
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		1.035432	0.000522	0.068715	1.104669
BGSS: (Applicable To Sales Customers Only)	A	0.214627	0.000538	0.014255	0.229419

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<u>GENERAL SERVICE (GSG)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		34.750000		2.302188	37.052188
DELIVERY CHARGE (per therm):					
Base Rate		0.669039		0.044324	0.713363
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>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
		0.074491	0.000159	0.005030	0.079680
Total SBC					
C/P	M	0.026965	0.000068	0.001791	0.028824
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		0.851525	0.000430	0.056526	0.908481
BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)	A	0.214627	0.000538	0.014255	0.229419
BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)	A				RATE SET MONTHLY

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GENERAL SERVICE-LV (GSG-LV)

<u>CUSTOMER CHARGE</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
D-1 Demand Charge (Mcf)		12.250000	0.811563	0.022011	13.061563
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		225.000000			239.906300
TIC	C	0.332236	0.000003	0.000082	0.354247
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	0.010800	0.000000	0.000800	0.011600
Total SBC		0.074491	0.000159	0.005030	0.079680
CIP	M	0.016224	0.000041	0.001078	0.017343
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		0.503981	0.000403	0.033500	0.537884

BGSS: (Applicable Sales Customers Only)

RATE SET MONTHLY

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COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

<u>FIRM</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>					
D-1 Demand Charge (Mcf)		750.000000		49.687500	799.687500
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		31.750000		2.103438	33.853438
SBC:		0.086057		0.005701	0.091758
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>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
		0.074491	0.000159	0.005030	0.079680
Total SBC					
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Total Delivery Charge		0.157375	0.000151	0.010520	0.168046
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
BUY-OUT PRICE					RATE SET MONTHLY
<u>LIMITED FIRM</u>					
<u>CUSTOMER CHARGE</u>					
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		100.000000		6.625000	106.625000
SBC:		0.058400		0.003900	0.062300
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>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
		0.074491	0.000159	0.005030	0.079680
Total SBC					
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Total Delivery Charge		0.129718	0.000151	0.008719	0.138588
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
BUY-OUT PRICE					RATE SET MONTHLY

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<u>LARGE VOLUME SERVICE (LVS)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
FIRM CUSTOMER CHARGE		1,050.000000		69.562500	1,119.562500
D-1 Demand Charge (Mcf)		18.750000		1.242188	19.992188
D-2 DEMAND BGSS(Applicable to Sales Customers Only)	A	15.465128	0.038740	1.027131	16.530999
DELIVERY CHARGE (per therm):		0.057743		0.003825	0.061568
Base Rate					
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>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Total Delivery Charge		0.129061	0.000151	0.008644	0.137856
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002596	0.000007	0.000172	0.002775
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):		0.132480		0.008777	0.141257
Base Rate					
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>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Total Delivery Charge		0.203798	0.000151	0.013596	0.217545
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002596	0.000007	0.000172	0.002775
BUY-OUT PRICE	I				RATE SET MONTHLY

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<u>FIRM ELECTRIC SALES (FES)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
WINTER					
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>					
	A	2.897200		0.191900	3.089100
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>					
	A	7.732564	0.019370	0.513566	8.265500
<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	0.010800	0.000000	0.000800	0.011600
		<u>0.074491</u>	<u>0.000159</u>	<u>0.005030</u>	<u>0.079660</u>
				Total SBC	
EET	N	0.026008	0.000065	0.001727	0.027800
		0.100499	0.000224	0.006757	0.107480
		0.162900		0.010800	0.173700
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)					
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)					
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatoin Customers Only) I					
BGSS: (Applicable To Sales Customers Only)					
	A				RATE SET MONTHLY
					RATE SET MONTHLY
					RATE SET MONTHLY
SUMMER					
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>					
	A	2.897200		0.191900	3.089100
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>					
	A	7.732564	0.019370	0.513566	8.265500
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	0.010800	0.000000	0.000800	0.011600
EET	N	0.026008	0.000065	0.001727	0.027800
		0.100499	0.000224	0.006757	0.107480
		0.162900		0.010800	0.173700
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)					
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)					
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatoin Customers Only) I					
BGSS: (Applicable To Sales Customers Only)					
	A				RATE SET MONTHLY
					RATE SET MONTHLY
					RATE SET MONTHLY

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<u>ELECTRIC GENERATION SERVICE (EGS) - RESIDENTIAL</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		9.850000		0.652600	10.502600
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.160837		0.010655	0.171492
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	0.010800	0.000000	0.000800	0.011600
		0.074491	0.000159	0.005030	0.079680
Total SBC					
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Total Delivery Charge		0.315122	0.000359	0.020984	0.336465
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.214627	0.000538	0.014255	0.229419

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<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 CUSTOMER CHARGE		750.000000		49.687500	799.687500
D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)		25.542412		1.692185	27.234597
D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)	A	15.539254	0.038926	1.032054	16.610234
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	0.010800	0.000000	0.000800	0.011600
		0.074491	0.000159	0.005030	0.079680
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Total Delivery Charge		0.071318	0.000151	0.004819	0.076288
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatoin Customers Only)	I				RATE SET MONTHLY
BGSS: (Applicable To Sales Customers Only)	A				RATE SET MONTHLY
LIMITED FIRM					
D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)	A	7.732564	0.019370	0.513566	8.266500
DELIVERY CHARGE (per therm):					
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	0.010800	0.000000	0.000800	0.011600
		0.074491	0.000159	0.005030	0.079680
EET	N	0.026008	0.000065	0.001727	0.027800
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Total Delivery Charge		0.071318	0.000151	0.004819	0.076288
C-3 (Rate is negotiated. Shown here is the benchmark rate.)		0.162900		0.010800	0.173700
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatoin Customers Only)	I				RATE SET MONTHLY
BGSS: (Applicable To Sales Customers Only)	A				RATE SET MONTHLY

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<u>YARD LIGHTING SERVICE (YLS)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
MONTHLY CHARGE / INSTALL		14.842600		0.983322	15.825922

<u>STREET LIGHTING SERVICE (SLS)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
MONTHLY CHARGE / INSTALL		17.957203		1.189665	19.146868

INTERRUPTIBLE GAS SALES (IGS)

Commodity					Rate Set Monthly
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
USF	E	0.010800	0.000000	0.000800	0.011600
		0.056468	0.000114	0.003833	0.060415
	N	0.026008	0.000065	0.001727	0.027800
Total SBC:					

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<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		100.000000		6.625000	106.625000
<u>TRANSPORTATION CHARGE A</u>		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	0.010800	0.000000	0.000800	0.011600
		<u>0.074491</u>	<u>0.000159</u>	<u>0.005030</u>	<u>0.079680</u>
Total SBC:	N	0.026008	0.000065	0.001727	0.027800
<u>TRANSPORTATION CHARGE B</u>		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	0.010800	0.000000	0.000800	0.011600
		<u>0.074491</u>	<u>0.000159</u>	<u>0.005030</u>	<u>0.079680</u>
Total SBC:	N	0.026008	0.000065	0.001727	0.027800
<u>TRANSPORTATION CHARGE C</u>		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	0.010800	0.000000	0.000800	0.011600
		<u>0.074491</u>	<u>0.000159</u>	<u>0.005030</u>	<u>0.079680</u>
Total SBC:	N	0.026008	0.000065	0.001727	0.027800

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Heat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.229419	0.000000	0.229419
Base Rate	0.870048	0.870048	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
CIP	0.068327	0.068327	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.027800	0.027800	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
Price to Compare	1.334089	1.104669	0.229419

NonHeat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.229419	0.000000	0.229419
CIP	(0.116750)	(0.116750)	0.000000
Base Rate	0.870048	0.870048	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.027800	0.027800	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
Price to Compare	1.149012	0.919592	0.229419

GSG

(Under 5,000 therms annually)

	GSG FSS	GSG-FTS	Difference
BGSS	0.229419	0.000000	0.229419
CIP	0.028824	0.028824	0.000000
Base Rates	0.713363	0.713363	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.027800	0.027800	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
Price to Compare	1.137901	0.908481	0.229419

GSG

(5,000 therms annually or greater)

	GSG FSS	GSG-FTS	Difference
BGSS	0.405363	0.000000	0.405363
CIP	0.028824	0.028824	0.000000
Base Rates	0.713363	0.713363	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.027800	0.027800	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
Price to Compare	1.313844	0.908481	0.405363

GSG-LV

Prior to 7/15/97

	GSG-LV FSS	GSG-LV-FTS	Difference
BGSS	0.405363	0.000000	0.405363
CIP	0.017343	0.017343	0.000000
Base Rates	0.354247	0.354247	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.027800	0.027800	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
Price to Compare	0.943247	0.537884	0.405363

**SOUTH JERSEY GAS COMPANY
INCOME STATEMENT
FOR TWELVE MONTHS ENDING DECEMBER 31, 2020**

	Period Ending 12/31/20 -----
OPERATING REVENUES	571,787,071
OPERATING EXPENSE	

Cost of Sales	181,261,470
Operation	109,773,730
Maintenance	34,678,538
Depreciation	69,528,638
Other Taxes	4,987,363
Total Operating Expense	<u>400,229,739</u>
OPERATING INCOME	<u>171,557,332</u>
OTHER INCOME & EXPENSE NET	<u>5,213,820</u>
INTEREST CHARGES	

Long Term Debt	35,958,734
Short Term Debt & Other	<u>(2,571,232)</u>
Total Interest Charges	<u>33,387,502</u>
Income Before Income Taxes	<u>143,383,650</u>
INCOME TAXES	

Current Fed & State Inc Taxes	23,295,619
Deferred Fed & State Inc Taxes	<u>12,028,878</u>
Total Income Taxes	<u>35,324,497</u>
Income from Continuing Ops	<u><u>108,059,153</u></u>

SOUTH JERSEY GAS COMPANY
BALANCE SHEET - ASSETS
AS OF DECEMBER 31, 2020

Line No.		Period Ending 12/31/2020 -----
1	<u>PROPERTY, PLANT & EQUIPMENT</u>	
2	Utility Plant, original cost	3,385,727,525
3	Accum Deprec & Amortization	(607,014,857)
4	Property, Plant & Equip, Net	<u>2,778,712,668</u>
5		
6	<u>INVESTMENTS</u>	
7	Available for Sale Securities	
8	Restricted Investments	4,825,866
9	Total Investments	<u>4,825,866</u>
10		
11	<u>CURRENT & ACCRUED ASSETS</u>	
12	Cash & Temp Cash Invest	1,597,551
13	Notes Receivable	
14	Accounts Receivable	86,751,886
15	Accts Rec - Unbilled Revenue	46,837,439
16	Provision for Uncollectibles	(17,359,066)
17	Accts Rec - Assc Companies	(626,019)
18	Accts Rec - Affiliated Company	163,424
19	Nat Gas in Storage, Avg Cost	14,049,759
20	Materials & Supplies, Avg Cost	618,809
21	Accum Deferred Income Taxes	5,323,987
22	Prepaid Taxes	11,742,938
23	Derivatives-Energy Assets	
24	Other Prepays & Current Asset	6,162,586
25	Total Current & Accr Assets	<u>155,263,294</u>
26		
27	<u>REGULATORY ASSETS:</u>	
28	Environmental Remed-Expended	157,339,654
29	Environmental Remed-Liability	101,243,004
30	Income Taxes-Flowthru Deprec	
31	Deferred ARO Costs	42,364,673
32	Deferred Fuel Costs-Net	34,611,364
33	Deferred Postretirement Ben	
34	CIP AR	21,013,191
35	Societal Benefits Costs	3,452,867
36	Premium for Early Debt Retire	
37	Regulatory Assets - FAS 158	72,010,301
38	Other Regulatory Assets	115,972,426
39	MTM Interest Rate Swap	9,937,789
40	Total	<u>557,945,269</u>
41		
42	<u>NON-CURRENT ASSETS:</u>	
43	Accum Deferred Income Taxes	160,956,946
44	Prepaid Pension	
45	Derivatives- Other	
46	Unamortized Debt Issue Costs	9,357,217
47	AR-Merchandise	
48	Der - N/C Energy Related Asset	
49	Other Non-Current Assets	24,557,158
50	Total Non-Current Assets	<u>194,871,321</u>
51		
52	Total Assets	<u><u>3,691,618,418</u></u>

SOUTH JERSEY GAS COMPANY
BALANCE SHEET - CAPITAL & LIABILITIES
AS OF DECEMBER 31, 2020

Line No.		Period Ending 12/31/2020 -----
1	<u>COMMON EQUITY</u>	
2	Common Stk \$2.50 Par Value	5,847,848
3	Prem on Cap Stk & Misc PIC	465,243,634
4	Accumulated OCI	(27,840,849)
5	Retained Earnings	864,239,349
6	Total Common Equity	<u>1,307,489,982</u>
7		
8	LONG TERM DEBT	<u>1,078,446,000</u>
9		
10	<u>CURRENT & ACCRUED LIABILITIES:</u>	
11	Notes Payable to Banks	47,500,000
12	Current Maturities of LTD	
13	AP-Commodity	22,963,218
14	AP-Other	41,222,358
15	Derivatives-Energy Liabilities	
16	Derivatives-Other Current	
17	Accts Payable to Assc Comp	8,585,556
18	A/P Affiliated Comp	280,169
19	Customer Deposits	23,637,191
20	Accum Deferred Income Taxes	12,047,988
21	Taxes Accrued	19,459,513
22	Pension & Postretirement Liability	
23	Environmental Remediation Cost	23,066,604
24	Interest Accrued	10,960,933
25	Other Current Liabilities	6,029,704
26	Total Current & Accrued Liab	<u>215,753,234</u>
27		
28	<u>DEF CREDITS & NONCURRENT LIAB:</u>	
29	Pension & Other Post-Retir Ben	109,978,508
30	Accum Deferred Income Taxes	536,028,841
31	Investment Tax Credit	
32	Environmental Remediation Cost	78,176,400
33	Asset Retirement Obligations	89,252,088
34	Der-N/C Energy Related Liabil	
35	Derivatives-LT	9,937,789
36	Other NonCurrent Liabilities	5,076,036
37	Total NonCurrent Liabilities	<u>828,449,662</u>
38		
39	<u>REGULATORY LIABILITIES:</u>	
40	Deferred Revenues-Net	16,119,109
41	Excess Plant Removal Costs	12,666,156
42	Other Regulatory Liabiltiies	232,694,275
43	Total Regulatoy Liabilities	<u>261,479,540</u>
44		
45	Total Capital & Liabilities	<u><u>3,691,618,418</u></u>