

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

IN THE MATTER OF THE PETITION OF SOUTH :	
JERSEY GAS COMPANY TO ISSUE LONG-TERM :	PETITION
DEBT AND SECURITY THEREFOR AND FOR :	
AUTHORITY TO ISSUE AND SELL SHORT TERM:	DOCKET NO.
INDEBTEDNESS, ALL THROUGH :	
SEPTEMBER 30, 2024 :	

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, South Jersey Gas Company (sometimes hereinafter referred to as “South Jersey Gas,” “Petitioner” or the “Company”), a public utility corporation of the State of New Jersey, with its principal office at 3800 Atlantic Ave, Atlantic City, New Jersey 08401, hereby petitions this Honorable Board (sometimes hereinafter referred to as the “Board”) for authorization through September 30, 2024:

(i) to make, execute and deliver pursuant to N.J.S.A. 48:3-7 a Supplemental Mortgage Indenture and any such additional Supplemental Mortgage Indentures as may be advisable providing for the issuance of a First Mortgage Bond or First Mortgage Bonds, with a maturity or maturities of not more than forty (40) years from the respective dates of issuance, in an aggregate principal amount of not more than \$300,000,000 (the “Financing Cap”) less the aggregate principal amount of any other long-term indebtedness issued pursuant to this Petition payable in more than twelve (12) months from the date or dates thereof that is issued pursuant to (iii) below

(ii) to issue and sell Bonds (whether First Mortgage Bonds or unsecured Bonds) with a maturity of not more than forty (40) years from the respective dates of issuance, in an aggregate principal amount of not more than the Financing Cap less the aggregate principal amount of any other indebtedness payable in more than twelve (12) months from the date or dates thereof that is issued pursuant to (iii) below

(iii) to issue other evidence of indebtedness, including credit agreements or notes, payable more than twelve (12) months from the date or dates thereof; and

(iv) to redeem, refinance (without regard to and unaffected by the Financing Cap), or defease any or all of its outstanding long-term indebtedness or long-term debt securities as long as the redemption, refinancing or defeasance is financially advantageous to Petitioner.

(v) to issue, renew or extend, prior to September 30, 2024, unsecured notes and/or other evidence of indebtedness payable not more than 12 months after the date(s) thereof (“Short-Term Debt”). For the reasons set forth herein, Petitioner hereby requests an aggregate principal amount of Short-Term Debt obligations outstanding at any one time not to exceed \$300,000,000.

In support thereof, Petitioner states as follows:

1. South Jersey Gas 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; Cape May; Cumberland; Salem; Burlington, Camden and Gloucester counties. Within its service territory, South Jersey Gas serves more than 400,000 customers.

I LONG-TERM DEBT

2. By this Petition, the Company seeks authorization through September 30, 2024 to engage in a transaction or series of transactions, the net result of which will be the issuance and sale of up to the Financing Cap in aggregate principal amount of Bonds plus any other evidence of indebtedness payable more than twelve (12) months from the date or dates thereof. The net proceeds of this transaction or series of transactions will be utilized to retire short-term debt; to fund capital expenditure requirements; to fund gas supply acquisitions; for other general corporate purposes; and, potentially, to redeem, refinance (without regard to and

unaffected by the Financing Cap) or defease any or all of the Company's indebtedness or debt securities as long as such redemption, refinancing or defeasance is financially advantageous to Petitioner.

3. Petitioner's construction program has been financed, in part, by Short-Term Debt, and periodically Petitioner is required to retire such Short-Term Debt.

4. The Bonds may be issued as part of one series, or as part of several series, and may be issued on a secured or on an unsecured basis. Bonds may be issued with maturities from one to forty years and with various specified conditions, including redemption provisions. The Bonds will be sold at 100% of principal amount, at a discount, or at a premium.

5. The Company may issue secured Bonds as First Mortgage bonds under a Supplemental Indenture supplementing Petitioner's Supplemental Indenture Amending and Restating First Mortgage Indenture Dated as of January 23, 2017 (as amended and supplemented from time to time, the "Mortgage Indenture") from Petitioner to The Bank of New York Mellon, NA as Mortgage Trustee (the "Mortgage Trustee"). Bonds issued under the Mortgage Indenture will be issued pursuant to one or more supplemental indentures under the Mortgage Indenture. As a result, it may be necessary for Petitioner to make, execute and deliver multiple supplemental indentures to the Mortgage Indenture.

6. In addition to being issued in various series, Petitioner proposes that Bonds may be issued at various times, and have differing maturity dates and may bear interest at different rates, and may contain other terms that vary from series to series. Any series of Bonds may be issued in one or more offerings that may be registered under the Securities Act of 1933 (the "Securities Act") or in one or more offerings that may be exempt from registration under the Securities Act. If a Bond offering is not registered under the Securities Act, the Company

intends to sell the Bonds either to or through from one to four agents, in any such case to purchasers that will be accredited investors, as defined in rules adopted by the Securities and Exchange Commission (“SEC”), or to other purchasers as may be permitted under applicable securities regulations with respect to the exemption from registration on which the Company relies for such issuance. The successful bidder or bidders may, in turn, resell the Bonds to qualified institutional buyers, pursuant to Rule 144A under the Securities Act, or to other eligible purchasers under an applicable exemption from the Securities Act. This type of sale, in an unregistered offering, will be made to or through the agent or agents whose bid or bids will, in the judgment of the Company, yield a financially advantageous result for the Company. The agent or agents to be utilized by the Company may change from offering to offering.

7. Petitioner proposes to issue Bonds within the following yield spreads over U.S. Treasury securities; provided, however, that if market conditions require a yield spread over U.S. Treasury securities greater than as set forth below, Petitioner will notify the Office of the Economist of the Board at least seven (7) days prior to pricing of the Bonds and if Petitioner does not receive any objection in writing from the Office of the Economist of the Board within seven (7) days of receipt of such notice, the Maturity Yield Spread Table shall be deemed amended as set forth in such notice:

MARKET YIELD SPREAD TABLE

<u>Range of Maturities</u>	<u>Maximum Coupon Spread Over U.S. Treasury Securities (Basis Points)</u>
1 Yr. to less than 18 Mos.	150
18 Mos. to less than 2 Yrs.	185
2 Yrs. to less than 3 Yrs.	195
3 Yrs. to less than 4 Yrs.	205
4 Yrs. to less than 5 Yrs.	215

<u>Range of Maturities</u>	<u>Maximum Coupon Spread Over U.S. Treasury Securities (Basis Points)</u>
5 Yrs. to less than 7 Yrs.	225
7 Yrs. to less than 10 Yrs.	250
10 Yrs. to less than 15 Yrs.	275
15 Yrs. to less than 20 Yrs.	300
20 Yrs. to 40 Yrs.	350

8. In order to provide Petitioner with the opportunity to take advantage of changing money market conditions and advantageously manage its cost of capital and meet competitive conditions, Petitioner requests authority, as appropriate market opportunities arise, to issue and sell Bonds in one or more offerings or to issue other evidence of long-term indebtedness. The terms of the proposed Bonds or other long-term indebtedness cannot be determined at this time, as they will be dependent upon market and other conditions at the time of issuance and sale. However, Petitioner will select the form of instrument which in the judgment of Petitioner would allow the issuance and sale of Bonds or other evidence of indebtedness in a financially advantageous manner.

9. Petitioner also intends to, if market conditions dictate, take advantage of the opportunity to issue evidence of indebtedness in forms other than Bonds. It may do so through a one or more credit facilities not yet negotiated, which would allow for the issuance of evidence of indebtedness payable more than twelve (12) months after the date or dates of each such respective evidence of indebtedness. By way of example, and not exclusion, Petitioner may enter into a credit agreement or credit agreements providing for notes payable in two, three or four years from the dates of such notes. Petitioner will only do so if market conditions are favorable, leading to a beneficial cost of embedded debt to the Petitioner. Petitioner may, at a later date, issue Bonds to replace said credit agreement or credit agreements (the "Replacement

Bonds”), which Replacement Bonds will be issued without regard to and unaffected by the Financing Cap and will not be applied against the Financing Cap.

10. By Order dated September 17, 2018 in Docket No. GF18070696, the Board approved a \$1,200,000,000 long-term debt program for Petitioner. Authorization for that program expires September 30, 2021. As a result, the Petitioner requires an Order prior to that date. South Jersey has issued an aggregate of \$1,116,900 of evidence of long-term indebtedness under the current program consisting of a combination of a Bond issuances and Term Loan facilities.

11. Additionally, Petitioner requests authority to engage in redemptions, refinancings (without regard to and unaffected by the Financing Cap). or defeasances of any of its outstanding long-term indebtedness or long-term debt securities, at any time through September 30, 2024, that, in the judgment of the Company, are financially advantageous to the Company. Specifically, Petitioner requests authority to redeem, refinance or defease at its option, all or any of the outstanding principal balance of any of its remaining outstanding long-term indebtedness or long-term debt securities which are eligible to be redeemed at their redemption prices, including any premium, plus interest thereon to the date of redemption, if doing so is financially advantageous to the Company.

12. Petitioner proposes to amortize the issuance cost of the new Bonds by monthly charges to account number 429 Amortization of Debt Discount and Expense

13. South Jersey Gas’s service territory continues to mature, and, in recent years, to meet the needs of its service territory and ensure pipeline integrity and safety, Petitioner has been making large construction expenditures. For the years 2018, 2019 and 2020,

construction expenditures amounted to \$256.6 million, \$266.9 million, and 264.0 million, respectively. The level of construction expenditures anticipated for 2021 is \$256.8million.

14. It is also the Company's policy to initially finance its general construction program with internally generated funds and short-term debt. Periodically, the Company pays down its short-term debt, to prevent balances from becoming too high, with the proceeds from the sale of long-term debt, such as Bonds, or from equity infusions. At December 31, 2020, the Company's short-term debt balance was \$47.5 million. .

15. Petitioner's short-term debt as of December 31, 2020 was \$47.5 million or 2.0% of total capitalization. Long-term debt was \$1,078 million or 44.4% of total capitalization, and equity (common stock) was 53.7% of total capitalization. A capital table as of December 31, 2021 is attached hereto as Exhibit C.

16. Petitioner hereby incorporates herein by reference thereto and makes a part hereof, the following information contained in Petitioner's Annual Report to the Board of Public Utilities for the year ended December 31, 2019 (referenced to herein as Exhibit D-1 but not attached):

- (a) Balance Sheets as of the beginning and the end of 2019, pages 110-113
- (b) Gas Plant in Service by accounts as of the beginning and the end of 2019, pages 204-209.
- (c) Additions to and retirements from Gas Plant in Service for the year 2019, pages 204-209.
- (d) Statement of Cash Flows for the year 2019, pages 120-120a.
- (e) As to each class of capital stock of Petitioner, authorized, issued and outstanding shares at December 31, 2019, pages 250-251.
- (f) As to each issue or series of long-term indebtedness of Petitioner outstanding as of December 31, 2019, the principal amount authorized to be issued, date of issue, date of maturity, rate of

interest and principal amount outstanding as of December 31, 2019, page 256-257.

Since December 31, 2019 there have been no bonds redeemed.

- (g) The amount of interest charged to income and the rates thereof during the year ended December 31, 2019, page 257.
- (h) The amount of dividends paid upon each class of stock during the year ended December 31, 2019, page 119.
- (i) A detailed statement of income for the year ended December 31, 2019, pages 114-116.

17. Information relating to the current financial condition of Petitioner, as required by N.J.A.C. 14:1-5.9(a)(9), is as follows (as of June 30, 2020):

(a) CAPITAL STOCK

	<u>AMOUNT (000's)</u>
Common stock, \$2.50 par value;	
4,000,000 shares authorized;	
2,339,139 issued and outstanding	\$5,848
Premium on capital stock	\$465,244
Accumulated Other Comprehensive Loss	(\$34,606)
Retained Earnings	<u>\$864,240</u>
Total Common Equity:	\$1,303,726

(b) MEDIUM TERM NOTES AND TERM LOAN OUTSTANDING
DECEMBER 31, 2020

	SERIES	ISSUE DATE	MATURITY DATE	AUTHORIZED	OUTSTANDING (000'S)
5.55%	MTN	07/16/03	07/15/33	\$32,000,000	32,000,000
6.213%	MTN	08/01/04	08/01/34	\$10,000,000	\$10,000,000
5.45%	MTN	09/13/05	09/14/35	\$10,000,000	\$10,000,000
Variable Rate	Series A Tax-exempt	04/1/06	04/01/36	\$24,900,000	\$24,900,000
4.84%	MTN	03/01/10	03/01/26	\$15,000,000	\$15,000,000
4.93%	MTN	06/30/10	06/30/26	\$45,000,000	\$45,000,000
3.63%	MTN	12/30/10	12/31/25	\$10,000,000	\$4,546,000
4.03%	MTN	12/30/10	12/30/27	\$45,000,000	\$45,000,000
3.74%	MTN	04/01/12	04/01/32	\$35,000,000	\$35,000,000
3.00%	MTN	09/20/12	09/20/24	\$50,000,000	\$40,000,000
3.03%	MTN	11/30/12	11/30/24	\$35,000,000	\$28,000,000
4.01%	MTN	11/21/13	11/21/30	\$50,000,000	\$34,000,000
4.23%	MTN	01/30/14	01/30/30	\$30,000,000	\$30,000,000
3.00%	MTN	01/25/17	01/25/47	\$200,000,000	\$200,000,000
3.28%	Notes	04/16/20	04/16/30	\$150,000,000	\$150,000,000
3.93%	Notes	04/16/20	04/16/50	\$250,000,000	\$250,000,000
3.98%	Notes	10/01/20	10/01/50	\$125,000,000	\$125,000,000

Total Bonds Outstanding (in 000's)

\$1,078,446,000

The Mortgage Indenture creates a first lien upon virtually all of Petitioner's real and personal property except certain items such as cash, investments, inventories, accounts

receivable and transportation equipment. The trustee under the Mortgage Indenture is The Bank of New York Mellon, NA .

(c) OTHER INDEBTEDNESS AT DECEMBER 31, 2020

Short-term Notes Payable to banks

(average rate 0.23%) \$47,500,000

(d) INTEREST CHARGED TO INCOME

The amount of interest charged to income during the fourth quarter of 2020, by interest rate, is set forth on Exhibit D(2) attached hereto.

(e) DIVIDENDS PAID

No dividends were paid on Common Stock during 2020.

(f) FINANCIAL STATEMENTS

Comparative Financial Statements for the fiscal years ended December 31, 2018, 2019 and 2020, including balance sheets at each date, and the related statements of income and retained earnings and of cash flows for the years then ended are attached hereto as Exhibit D(1).

18. To be supplied at a later date, , as Exhibit E will be a certified copy of the Corporate Resolutions of Petitioner's Board of Directors authorizing any forthcoming proposed Bond transactions.

II. SHORT-TERM DEBT

19. Petitioner is engaged in the improvement of its physical plant and facilities necessary to provide safe, adequate and proper public utility service to the public. Permanent financing and refinancing for such continuing improvement programs are provided through the issuance of long-term debt and by internally generated cash and equity contributions. In addition, Petitioner has a need to fund its utility obligations and corporate transactions, including working capital, purchase of natural gas, the payment of state income and other taxes, temporary funding

of long-term debt including maturities and obligations and to manage timing differences which may occur between its cash receipts, including collections from customers, and its cash outflows, In order to employ internally generated cash efficiently and to provide the flexibility necessary to effectively manage cash flows and meet continued cash needs, it is necessary for Petitioner to have authority to issue and sell Short-Term Debt obligations, not exceeding \$300,000,000 aggregate principal amount at any one time outstanding, through September 30, 2024.

20. Therefore, Petitioner seeks authority to issue and sell its Short-Term Debt obligations consisting of borrowings (including letters of credit) from banks, trust companies, insurance companies or other lenders and of promissory notes (commercial paper) not exceeding \$300,000,000 aggregate principal amount at any one time outstanding through September 30, 2024.

21. Although Short-Term Debt obligations issued pursuant to N.J.S.A. 48:3-9 are due and payable in less than twelve months from issue and approval from you're the Board is not required for issuance, to the extent that any Short-Term Debt obligation is a renewal or extension of a Short-Term Debt obligation heretofore issued, such renewal or extension could be payable later than twelve months after the date of the original instrument. Petitioner contemplates that, within said limitation of \$300,000,000 aggregate principal amount at any one time outstanding, such Short-Term Debt obligations will be issued, extended or renewed from time to time through September 30, 2024 without further application to or approval of this Honorable Board.

22. The interest or discount rate applicable to a Short-Term Debt obligation will be the best rate obtainable by Petitioner for the type of transaction involved. In the case of borrowings from banks and trust companies, such rate, in each instance, will normally be

referenced to one of the following: the prime commercial lending rate, the London Inter-Bank Offer Rate (LIBOR) or the Secured Overnight Financing Rate (SOFR), as the case may be. In the case of commercial paper, the rate will normally be the market rate or discount rate for commercial paper of comparable quality and maturity.

23. In accordance with instructions contained in the applicable Uniform Systems of Accounts prescribed by this Board, the principal amount of each Short-Term Debt obligation will be credited to Notes Payable. The proceeds from the issuance of each Short-Term Debt obligation will be added to the general funds of Petitioner and will be used by it for its utility purposes, including working capital, interim financing of state income and other tax obligations, purchase of natural gas, and temporary funding of long-term debt maturities and obligations and payment of other current utility obligations.

24. In support of the Long-Term Debt portion of this Petition, the following exhibits are annexed hereto:

- (a) Exhibit A - Schedule of Estimated Issuance Costs.
- (b) Exhibit B - Copy of Petitioner's 2021 estimated Construction Budget, showing total projected construction costs of \$277.2 million.
- (c) Exhibit C - Pro forma Capitalization Structure as of December 31, 2020.
- (d) Exhibit D(1) - Petitioner's Financial Statements for the years ended December 31, 2019 and 2020.
- (e) Exhibit D(2) - Schedule of Interest charged to Income in 2020 - \$10,110,000.

25. No franchise or right is proposed to be capitalized, directly or indirectly, by the Company, as a result of this Petition. It is the intention of Petitioner, in good faith, to use the proceeds of the Bonds to be issued as a result of this Petition for the purposes set forth in this

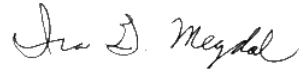
Petition. Petitioner believes that it has amply demonstrated that the proposed term loan transaction should be authorized as described above.

WHEREFORE, Petitioner respectfully prays that this Honorable Board approve Petitioner's request: (i) to make, execute and deliver pursuant to N.J.S.A. 48:3-7 a Supplemental Mortgage Indenture and any such additional Supplemental Mortgage Indentures as may be advisable providing for the issuance of a First Mortgage Bond or First Mortgage Bonds, with a maturity or maturities of not more than forty (40) years from the respective dates of issuance, in an aggregate principal amount of not more than \$300,000,000 (the "Financing Cap") less the aggregate principal amount of any other indebtedness issued pursuant to this Petition payable in more than twelve (12) months from the date or dates thereof that is issued pursuant to (iii); (ii) to issue and sell Bonds (whether First Mortgage Bonds or unsecured Bonds) with a maturity of not more than forty (40) years from the respective dates of issuance, in an aggregate principal amount of not more than the Financing Cap less the aggregate principal amount of any other indebtedness payable in more than twelve (12) months from the date of dates thereof that is issued pursuant to (iii); (iii) to issue other evidence of indebtedness, including credit agreements or notes, payable more than twelve (12) months from the date or dates thereof; (iv) to redeem, refinance (without regard to and unaffected by the Financing Cap), or defease any or all of its outstanding long-term indebtedness or long-term debt securities as long as the redemption, refinancing or defeasance is financially advantageous to Petitioner; and (v) to issue, renew or extend, prior to September 30, 2024, unsecured notes and/or other evidence of indebtedness payable not more than 12 months after the date(s) thereof. Petitioner hereby requests an aggregate principal amount of Short-Term Debt obligations outstanding at any one time not to exceed \$300,000,000.

Respectfully submitted,

SOUTH JERSEY GAS COMPANY

By: COZEN O'CONNOR



Ira G. Megdal

Dated: August 13, 2021

Communications addressed to Petitioner in this case are sent to:

COZEN O'CONNOR


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VERIFICATION

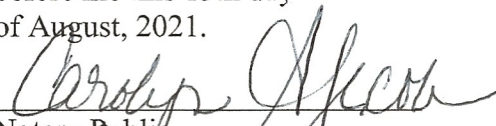
I, Matthew Orendorff, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Treasurer South Jersey Gas Company and am authorized to make this Verification on behalf of the Company.
2. I have reviewed the foregoing petition and the information contained herein is true according to the best of my knowledge, information and belief.



MATTHEW B. ORENDORFF

Sworn to and subscribed
before me this 13th day
of August, 2021.



Notary ~~Carolyn~~ CAROLYN A. JACOBS
NOTARY PUBLIC OF NEW JERSEY

My Commission Expires October 28, 2023



This Verification is being submitted in facsimile form because the affiant is not available to sign the Verification. The undersigned attorney, Ira G. Megdal, certifies that the affiant electronically acknowledged the genuineness of the signature and that the Verification or a copy with an original signature affixed will be filed if requested by the Board of Public Utilities or a party to this proceeding.



IRA G. MEGDAL, ESQUIRE

**South Jersey Gas Company
Schedule of Estimated Issuance Costs**

Proposed Private Placement Bond of \$100 Million

Issuer and Agent Legal Fees	\$	100,000
Placement Fee	\$	600,000
Administrative Fee	\$	5,000
Rating Agency Fees	\$	75,000
Total	<u>\$</u>	<u>780,000</u>

Exhibit B**South Jersey Gas Company
Capital Financial Summary Report (in \$MM)
Forecast/Budgeted Capex 2021**

Category	2021 Budget
New Business Mains	\$17,713,516
New Business Services	\$25,625,943
Special Meter Installations	\$2,196,701
Replacement Mains	\$206,232
Replacement Services	\$3,386,967
Replacement Services Program	\$0
Leak Clamping	\$5,000,085
Purch Misc Tools & Equip	\$207,260
Improvement Mains	\$709,371
Cathodic Protection	\$3,071,110
AIRP/IIP Compliance Mains	\$14,255,345
AIRP/IIP Compliance Services	\$9,674,571
SHARP II EFV Compliance	\$0
CD&O & Engineering	\$23,766,462
IT Blankets	\$483,689
Facility and Fleet Blankets	\$6,032,047
Division Specials	\$18,536,573
Engineering Specials	\$40,013,241
RNG	\$684,426
Smart Meters	\$0
IT Specials	\$9,098,135
Facility and Fleet Specials	\$2,427,668
SHARP	\$2,977,058
AIRP	\$7,005,493
IIP	\$63,739,192
Total	\$256,811,085

EXHIBIT C

SOUTH JERSEY GAS
Financial & Statistical Information
(Thousands Where Applicable)

	12/31/2020 Actual	Debt Retirements	Proforma Adjustments	12/31/2024 Proforma
CAPITALIZATION:				
Amount of Capital without Short-Term Debt				
Long-term Debt	1,078,446	139,000	300,000	1,239,446
Common Equity	1,303,726	-	140,000	1,443,726
Total	<u>2,382,172</u>	<u>139,000</u>	<u>440,000</u>	<u>2,683,172</u>
Short-Term Debt	47,500	-	100,000	147,500
Amount of Capital with Short-Term Debt				
Short-Term Debt	47,500	-	100,000	147,500
Long-term Debt	1,078,446	139,000	300,000	1,239,446
Common Equity	1,303,726	-	140,000	1,443,726
Total	<u>2,429,672</u>	<u>139,000</u>	<u>540,000</u>	<u>2,830,672</u>
Total Capitalization Ratios				
Short-Term Debt	1.95%			5.21%
Long-term Debt	44.39%			43.79%
Common Equity	53.66%			51.00%
Total	100.00%			100.00%

Exhibit D(1)

South Jersey Gas Company
Statement of Income (Unaudited)
(In Thousands)

	Nine Months Ended September 30, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating Revenues:	<u>\$ 394,066</u>	<u>\$ 569,226</u>	<u>\$ 548,000</u>
Operating Expenses:			
Cost of Natural Gas (Excluding depreciation and amortization)	126,655	211,344	209,649
Operations	78,740	108,638	112,920
Maintenance	25,457	30,899	28,742
Depreciation	51,038	65,965	59,755
Energy and other taxes	<u>3,879</u>	<u>4,886</u>	<u>4,246</u>
Total Operating Expenses:	<u>285,769</u>	<u>421,732</u>	<u>415,312</u>
Operating Income	108,297	147,494	132,688
Other Income and Expenses	3,349	4,376	4,685
Interest Charges	<u>(23,832)</u>	<u>(31,654)</u>	<u>(28,011)</u>
Income (Loss) Before Income Taxes	87,814	120,216	109,362
Income Taxes:	<u>(23,157)</u>	<u>(32,822)</u>	<u>(26,413)</u>
Net Income (Loss)	<u><u>\$ 64,657</u></u>	<u><u>\$ 87,394</u></u>	<u><u>\$ 82,949</u></u>

South Jersey Gas Company
Balance Sheet (Unaudited)
(In Thousands)

	September 30, 2020	December 31, 2019	December 31, 2018
Assets			
Property, Plant and Equipment:			
Utility Plant, at original cost	\$ 3,308,798	\$ 3,154,736	\$ 2,907,202
Accumulated Depreciation	(601,318)	(558,634)	(523,743)
Property, Plant and Equipment - Net	2,707,480	2,596,102	2,383,459
Investments:			
Restricted Investments	199	4,073	1,278
Total Investments	199	4,073	1,278
Current Assets:			
Cash and Cash Equivalents	1,528	2,678	1,984
Notes Receivable	-	-	-
Accounts Receivable	62,447	84,940	101,572
Accounts Receivable - Related Parties	2,856	2,333	2,442
Unbilled Revenues	9,985	45,016	43,271
Provision for Uncollectibles	(16,837)	(14,032)	(13,643)
Natural Gas in Storage, average cost	15,041	14,839	16,336
Materials and Supplies, average cost	619	619	619
Prepaid Taxes	26,355	19,547	28,772
Derivatives - Energy Related Assets	6,060	16,904	5,464
Other Prepayments and Current Assets	19,316	25,074	11,280
Total Current Assets	127,370	197,918	198,097
Regulatory and Other Noncurrent Assets:			
Regulatory Assets	486,070	496,177	492,365
Long-Term Receivables	38,530	30,958	25,531
Derivatives - Energy Related Assets	425	5	15
Other	23,375	23,322	17,491
Total Regulatory and Other Noncurrent Assets	548,400	550,462	535,402
Total Assets	\$ 3,383,449	\$ 3,348,555	\$ 3,118,236
Capitalization and Liabilities			
Common Equity:			
Common Stock	\$ 5,848	\$ 5,848	\$ 5,848
Other Paid-In Capital and Premium on Common Stock	465,244	355,744	355,744
Accumulated Other Comprehensive Loss	(27,850)	(27,875)	(22,357)
Retained Earnings	820,838	756,181	668,787
Total Common Equity	1,264,080	1,089,898	1,008,022
Long-Term Debt	899,307	547,161	874,507
Total Capitalization	2,163,387	1,637,059	1,882,529
Current Liabilities:			
Notes Payable	107,900	171,300	107,500
Current Portion of Long-Term Debt	52,809	417,909	18,909
Accounts Payable - Commodity	9,981	17,361	48,490
Accounts Payable - Other	46,379	60,797	52,966
Accounts Payable - Related Parties	5,339	9,752	12,563
Derivatives - Energy Related Liabilities	817	14,671	2,146
Derivatives - Other Current	709	488	343
Customer Deposits and Credit Balances	26,462	22,430	23,862
Environmental Remediation Costs	24,154	29,569	33,022
Taxes Accrued	2,785	1,907	1,891
Pension Benefits	3,693	3,693	3,597
Interest Accrued	11,239	6,789	7,134
Other Current Liabilities	6,774	12,489	9,444
Total Current Liabilities	299,041	769,155	321,867
Regulatory and Other Noncurrent Liabilities:			
Regulatory Liabilities	253,302	274,482	286,539
Deferred Income Taxes - Net	387,840	357,637	325,886
Environmental Remediation Costs	78,735	101,693	115,049
Asset Retirement Obligations	80,855	96,509	79,890
Pension and Other Postretirement Benefits	105,510	99,981	96,053
Derivatives - Energy Related Liabilities	-	95	43
Derivatives - Other	10,163	7,368	5,524
Other	4,616	4,576	4,856
Total Regulatory and Other Noncurrent Liabilities	921,021	942,341	913,840
Total Capitalization and Liabilities	\$ 3,383,449	\$ 3,348,555	\$ 3,118,236

Exhibit D(1)

South Jersey Gas Company
Statements of Comprehensive Income (Loss) (Unaudited)
(In Thousands)

	Nine Months Ended September 30, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Net Income (Loss)	\$ 64,657	\$ 87,394	\$ 82,949
Other Comprehensive Income (Loss), Net of Tax	<u>25</u>	<u>(5,518)</u>	<u>3,640</u>
Comprehensive Income (Loss)	<u><u>\$ 64,682</u></u>	<u><u>\$ 81,876</u></u>	<u><u>\$ 86,589</u></u>

Exhibit D(1)

South Jersey Gas Company
Condensed Statement of Cash Flow (Unaudited)
(In Thousands)

	For the nine months ended September 30, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash Flows from Operating Activities:			
Net Income	\$ 64,657	\$ 87,394	\$ 82,949
Adjustments to Reconcile Income from Continuing Operations to Net			
Depreciation and Amortization	76,217	93,910	82,622
Provision for Losses on Accounts Receivable	4,524	7,193	7,997
CIP Receivable/Payable	(23,036)	922	32,523
Deferred Gas Costs - Net of Recoveries	26,943	9,712	(46,495)
Deferred SBC Costs - Net of Recoveries	-	695	311
Environmental Remediation Costs - Net of Recoveries	(23,800)	(42,654)	(53,685)
Deferred and Noncurrent Income Taxes and Credits - Net	23,157	32,822	39,179
Gas Plant Cost of Removal	(6,628)	(8,931)	(6,899)
Pension Contribution	-		
Changes in:			
Accounts Receivable	52,309	8,182	(21,749)
Inventories	(202)	1,497	(1,198)
Prepaid and Accrued Taxes - Net	(5,930)	9,241	9,685
Other Prepayments and Current Assets	5,758	(13,794)	1,390
Gas Purchases Payable	(7,380)	(31,129)	5,149
Accounts Payable and Other Accrued Liabilities	(6,488)	2,370	(15,194)
Other Assets	(20,185)	(25,188)	(6,705)
Other Liabilities	(1,103)	(537)	3,094
Net Cash Provided by Operating Activities	158,813	131,705	112,974
Cash Flows from Investing Activities:			
Capital Expenditures	(188,173)	(257,654)	(241,873)
Purchase of Company Owned Life Insurance		-	-
Investment in Long-Term Receivables	(18,787)	(15,718)	(8,643)
Proceeds from Long-Term Receivables	10,457	10,301	9,813
Net Cash Used in Investing Activities	(196,503)	(263,071)	(240,703)
Cash Flows from Financing Activities:			
Net Borrowings from (Repayments of) Short-Term Credit Facilities	(63,400)	63,800	55,500
Proceeds from Issuance of Long-Term Debt	400,000	90,000	310,000
Principal Repayments of Long-Term Debt	(410,000)	(18,909)	(238,909)
Payments for Issuance of Long-Term Debt	(3,434)	(36)	(219)
Dividends on Common Stock	-	-	-
Additional Investment by Shareholder	109,500	-	-
Net Cash Provided by Financing Activities	32,666	134,855	126,372
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(5,024)	3,489	(1,357)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	6,751	3,262	4,619
Cash, Cash Equivalents and Restricted Cash at End of Period	1,727	6,751	3,262

Exhibit D(2)

**SOUTH JERSEY GAS COMPANY
SCHEDULE OF INTEREST CHARGED TO INCOME**

The amount of interest charged (\$000's) against income during the fiscal quarter ended December 31, 2020 on each kind of indebtedness and the applicable rate per annum were as follows:

Coupon Rate	Issue Date	Maturity Date	Authorized	Outstanding (000'S)	Interest Charged (000's)
3.280%	4/16/2020	4/16/2030	\$ 150,000	\$ 150,000	\$ 1,230
3.930%	4/16/2020	4/16/2050	\$ 250,000	\$ 250,000	\$ 2,456
3.980%	10/1/2020	10/1/2050	\$ 125,000	\$ 125,000	\$ 1,244
3.000%	9/1/2012	9/20/2024	\$ 50,000	\$ 40,000	\$ 300
3.030%	11/30/2012	11/30/2024	\$ 35,000	\$ 28,000	\$ 212
3.630%	12/30/2010	12/31/2025	\$ 10,000	\$ 4,546	\$ 41
4.840%	3/1/2010	3/1/2026	\$ 15,000	\$ 15,000	\$ 182
4.930%	6/30/2010	6/30/2026	\$ 45,000	\$ 45,000	\$ 555
4.030%	12/30/2010	12/30/2027	\$ 45,000	\$ 45,000	\$ 453
4.010%	11/21/2013	11/21/2030	\$ 50,000	\$ 34,000	\$ 341
4.230%	1/30/2014	1/30/2030	\$ 30,000	\$ 30,000	\$ 317
3.740%	4/1/2012	4/1/2032	\$ 35,000	\$ 35,000	\$ 327
5.550%	7/16/2003	7/15/2033	\$ 32,000	\$ 32,000	\$ 444
6.213%	8/1/2004	8/1/2034	\$ 10,000	\$ 10,000	\$ 155
5.450%	9/13/2005	9/14/2035	\$ 10,000	\$ 10,000	\$ 136
3.000%	1/27/2017	1/25/2047	\$ 200,000	\$ 200,000	\$ 1,500
3.480%	4/1/2006	4/1/2036	\$ 24,900	\$ 24,900	\$ 217

Total Indebtedness (in 000's) **\$ 1,078,446** **\$ 10,110**

Short-term Notes Payable to bank (in 000's) **\$ 47,500**

(Rate of 0.23% as of 12/31/20)