

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :  
SOUTH JERSEY GAS COMPANY FOR APPROVAL : DOCKET NO. GR17010071  
OF INCREASED BASE TARIFF RATES AND :  
CHARGES FOR GAS SERVICE AND OTHER : OAL DOCKET NO. PUC 03261-17 N  
TARIFF REVISIONS :

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**6&6 Update  
Schedules**

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March 2017

**6 & 6 UPDATE**

**Schedules  
of  
K.J. BARCIA**

South Jersey Gas Company  
Summary of Revenue Requirement

<u>Line No.</u>			<u>REFERENCE</u>
1			
2	Rate Base Test Year Ended August 2017	\$1,655,063,825	KJB-2
3			
4	Rate of Return	<u>7.66%</u>	
5			
6	Required Operating Income	126,777,889	
7			
8	Net Operating Income Test Year Ended August 2017	<u>74,365,545</u>	KJB-3
9			
10	Income Deficiency	52,412,344	
11			
12	Revenue Factor	<u>1.85</u>	KJB-4
13			
14	Revenue Requirement	<u>\$96,840,566</u>	
15			
16	Revenue Requirement without Sales and Use Tax	\$90,611,056	
17			
18	Revenue Requirement Rolled-In From:		
19	Storm Hardening & Reliability Program (SHARP)	(3,424,909)	
20	Accelerated Infrastructure Replacement Program (AIRP II)	(3,523,177)	
21	Conservation Incentive Program (CIP)	<u>(7,585,705)</u>	DPY-3
22			
23	Requested Additional Operating Revenue	<u>\$76,077,266</u>	

South Jersey Gas Company  
Statement of Rate Base  
At August 31, 2017

Line No.		Rate Base 2/28/2017	Adjustment	Rate Base Test Year 8/31/2017	Pro Forma Adjustment	Adjusted Rate Base	Reference To Ratemaking Adjustments
1	Utility Plant In Service	\$ 2,351,892,211	92,263,207	\$2,444,155,418	\$84,566,662	\$2,528,722,080	TSK-13
2	Accumulated Depreciation & Amortization	(470,051,161)	(17,357,113)	(487,408,274)	3,397,098	(484,011,176)	TSK-13
3	Non-Legal ARO	(28,049,492)	530,065	(27,519,427)	0	(27,519,427)	
4							
5	Net Utility Plant	<u>1,853,791,558</u>	<u>75,436,159</u>	<u>1,929,227,717</u>	<u>87,963,760</u>	<u>2,017,191,477</u>	
6							
7							
8	Materials & Supplies	936,707	0	936,707	0	936,707	
9	Gas Inventory:						
10	Natural Gas Stored	6,728,880	2,503,552	9,232,432	0	9,232,432	KJB-2 WP1
11	LNG Stored	2,920,739	(551,722)	2,369,018	0	2,369,018	KJB-2 WP2
12	Cash Working Capital	62,448,391	0	62,448,391	50,000,678	112,449,069	
13	Customer Deposits	(7,738,845)	10,457	(7,728,389)	(122,770)	(7,851,158)	KJB-19
14	Unclaimed Customer Deposits	(322,001)	0	(322,001)	0	(322,001)	
15	Customer Advances	(1,569,205)	0	(1,569,205)	0	(1,569,205)	
16	Deferred Income Taxes:						
17	Excess Protected ADIT	(1,317,461)	0	(1,317,461)	0	(1,317,461)	
18	Federal Income Tax	(394,036,105)	(10,090,661)	(404,126,766)	(8,723,416)	(412,850,182)	TSK-12A
19	NJ CBT	(59,350,426)	(3,816,741)	(63,167,167)	(37,703)	(63,204,870)	TSK-12B
20							
21	Total Rate Base	<u>\$1,462,492,232</u>	<u>\$63,491,044</u>	<u>\$1,525,983,276</u>	<u>\$129,080,549</u>	<u>\$1,655,063,825</u>	

**SOUTH JERSEY GAS COMPANY**  
**ADJUSTED TEST YEAR INCOME STATEMENT**  
**TWELVE MONTHS ENDED AUGUST 31, 2017**

<u>Line No.</u>		<u>6 MONTHS ACTUAL DATA</u>	<u>6 MONTHS PROJECTED DATA</u>	<u>TEST YEAR ENDED 8/31/2017</u>	<u>PRO FORMA ADJUSTMENTS</u>	<u>ADJUSTED TEST YEAR 8/31/2017</u>	<u>REFERENCE TO PRO FORMA ADJUSTMENTS</u>
1	<b>Operating Revenues:</b>						
2							
3	<b>Gas Sales Revenues</b>	\$259,749,100	\$149,957,400	\$409,706,500	(\$18,687,100)	\$391,019,400	KJB-5
4	<b>Other Gas Revenues</b>	\$40,071,800	\$30,307,300	\$70,379,100		\$70,379,100	
5							
6	<b>Total Operating Revenues</b>	\$299,820,900	\$180,264,700	\$480,085,600	(\$18,687,100)	\$461,398,500	
7							
8	<b>Operating Expenses:</b>						
9							
10	<b>Purchased Gas</b>	\$114,619,300	\$67,402,100	\$182,021,400	(\$4,058,269)	\$177,963,131	KJB-5
11							
12	<b>Oper. &amp; Maint. Exps.</b>	\$58,394,500	\$60,081,100	\$118,475,600	(\$2,294,631)	\$116,180,969	KJB-14
13							
14	<b>Depreciation</b>	\$24,524,900	\$26,040,500	\$50,565,400	\$5,895,948	\$56,461,348	TSK-13
15							
16	<b>Taxes Other Than Income Taxes</b>	\$2,308,500	\$1,808,400	\$4,116,900	\$85,114	\$4,202,014	KJB-20, KJB-21
17							
18	<b>Federal Income Taxes &amp; NJ CBT</b>	\$34,806,400	\$5,552,500	\$40,358,900	(\$8,164,813)	\$32,194,087	TSK-14
19							
20	<b>Investment Tax Cr. - Net</b>	\$0	\$0	\$0	\$0	\$0	
21							
22	<b>Total Operating Expenses</b>	\$234,653,600	\$160,884,600	\$395,538,200	(\$8,536,650)	\$387,001,550	
23							
24	<b>Net Operating Income</b>	\$65,167,300	\$19,380,100	\$84,547,400	(\$10,150,450)	\$74,396,950	
25							
26	<b>Ratemaking Adjustment:</b>						
27	<b>Interest on Customer Deposit</b>	\$2,381	\$21,735	\$24,116	\$7,288	\$31,405	KJB-19
28							
29							
30	<b>Adjusted Net Operating Income</b>	\$65,164,919	\$19,358,365	\$84,523,284	(\$10,157,739)	\$74,365,545	

South Jersey Gas Company  
Derivation of Revenue Factor

Line No.		
1	Components:	
2		
3	Sales and Use Tax (SUT)	6.875%
4		
5	Public Utility Assessment Tax (PUA)	0.2505%
6		
7	Bad Debt Provision (Bad Debt)	2.0037%
8		
9	Federal Income Tax (FIT)	35.0000%
10		
11	CBT	9.0000%
12		
13	Operating Revenue	1.0000
14		
15		
16	Revenue Factor Calculation:	1.84767
17		
18		
19		$\left[ \frac{1}{1 - [(.65 * .09) + .35]} \right] * 1.020037 * 1.002505 * 1.06875 = 1.84767$
20		
21		
22		

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**SUMMARY OF PRO FORMA REVENUE ADJUSTMENTS**

<u>Line No.</u>	<u>Dt Adjustments</u>	<u>Revenue Adjustments</u>	<u>Cost of Gas Adjustments</u>	<u>Reference</u>	
1	AIRP Revenue Adjustment	N/A	\$1,888,864	N/A	KJB-6
2	SHARP Revenue Adjustment	N/A	\$103,396	N/A	KJB-6
3	EET Revenue Adjustment	N/A	(\$5,430,500)	N/A	KJB-7
4	Interruptible, Off-System Sales & SIM Adjustmen	N/A	(\$12,196,739)	(\$6,027,164)	KJB-8
5	Customer Annualization	4,734	\$290,859	\$27,623	KJB-9
6	Sales from Post Test Year Plant Additions	400,112	\$4,651,027	\$2,019,953	KJB-11
7	Contract Changes	(188,345)	(\$408,303)	(\$78,681)	KJB-13
8	CIP Revenue Adjustment	(4,197,067)	(\$7,585,705)	N/A	DPY-3
9	Total Firm Revenue Adjustments	<u>(3,980,565)</u>	<u>(18,687,100)</u>	<u>(4,058,269)</u>	

Note: Cost of Gas adjustments include the applicable clauses





**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME  
ENERGY EFFICIENCY TRACKER**

Line No.	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017	2017	2017	TOTAL	
	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected		
	September	October	November	December	January	February	March	April	May	June	July	August		
1	EET Revenue Adjustment	\$ 455,900	\$ 552,500	\$ 469,000	\$ 534,800	\$ 433,500	\$ 454,600	\$ 426,700	\$ 424,300	\$ 409,100	\$ 418,900	\$ 413,500	\$ 437,700	\$ 5,430,500
2	EET O&M Expenses Adjustment	\$ 69,300	\$ 163,500	\$ 86,500	\$ 145,300	\$ 48,900	\$ 80,800	\$ 62,500	\$ 83,000	\$ 71,500	\$ 86,600	\$ 82,600	\$ 111,300	\$ 1,091,800
3	EET Amortization Adjustment	\$ 75,800	\$ 80,500	\$ 78,400	\$ 78,300	\$ 77,800	\$ 64,200	\$ 58,600	\$ 34,900	\$ 34,900	\$ 33,200	\$ 33,200	\$ 28,300	\$ 678,100

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**TEST YEAR INTERRUPTIBLE AND OFF-SYSTEM SALES, AND STORAGE INCENTIVE MECHANISM**

<u>Line No.</u>		<u>Test Year Ending 8/31/2017</u>	<u>Pro Forma Adjustment</u>	<u>Revenue in Test Year</u>	<u>Amounts Deferred</u>
1	Revenues	\$81,311,590	(\$12,196,739)	\$69,114,852	(\$69,114,852)
2	Cost of Gas	\$48,487,254	(\$6,027,164)	\$42,460,090	(\$42,460,090)
3	PUA Tax	\$4,511	(\$677)	\$3,834	(\$3,834)

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017 OPERATING INCOME**  
**CUSTOMER ANNUALIZATION**

Line No.		Annualized		
		<u>Dt</u>	<u>Revenue</u>	<u>Cost of Gas</u>
1	<u>Residential (RSG)</u>			
2	Heating Sales Service (480.11)	91,884	\$1,116,030	\$449,189
3	Non-Heating Sales Service (480.12)	<u>5,194</u>	<u>\$73,152</u>	<u>\$22,997</u>
4	Sub-Total	97,078	\$1,189,182	\$472,186
5	<u>General Service (GSG)</u>			
6	Commercial Non-Heating Sales Service (481.21)	12,795	\$136,251	\$60,750
7	Commercial Heating Sales Service (481.31)	(107,271)	(\$1,044,060)	(\$503,856)
8	Industrial Heating Sales Service (481.32)	(1,173)	(\$10,730)	(\$5,505)
9	Transportation Commercial Non-Heating (489.821)	816	\$5,089	\$1,032
10	Transportation Commercial Heating (489.831)	2,416	\$14,593	\$2,729
11	Transportation Industrial Heating (489.832)	<u>73</u>	<u>\$534</u>	<u>\$287</u>
12	Sub-Total	(92,343)	(\$898,323)	(\$444,563)
13	<b>Total Adjustment</b>	<b><u>4,734</u></b>	<b><u>\$290,859</u></b>	<b><u>\$27,623</u></b>



**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017 OPERATING INCOME**  
**SALES FROM POST TEST YEAR UTILITY PLANT ADDITIONS**

<u>Line</u> <u>No.</u>		<u>Dt</u>	<u>Revenue</u>	<u>Cost of Gas</u>
1	Residential Heat (480.11)	266,035.6	\$3,237,222	\$1,356,085
2	Residential Non-Heat (480.12)	3,966.8	\$60,689	\$18,501
3	Gen. Serv. Comm Heat (481.31)	130,109.7	\$1,353,117	\$645,368
4	Pro-Forma Adjustment	400,112.2	\$4,651,027	\$2,019,953

**SOUTH JERSEY GAS COMPANY  
REVENUE PRODUCING UTILITY PLANT  
SEPTEMBER 2017 - FEBRUARY 2018**

**Projected Post Test Year Gross Customer Additions**

	<u>2017 Sept</u>	<u>2017 Oct</u>	<u>2017 Nov</u>	<u>2017 Dec</u>	<u>2018 Jan</u>	<u>2018 Feb</u>	<u>6 Months Total</u>	<u>Dts Per Customer</u>	<u>Annualized Dts</u>
Residential Heat	674	710	637	745	664	452	3,882	68.53	266,035.6
Residential Non-Heat	29	26	32	41	32	27	187	21.21	3,966.8
General Service Gas	53	81	73	86	78	55	426	305.42	130,109.7

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017 OPERATING INCOME  
CONTRACT CHANGES**

Line No.	Customer I.D.	Annual Dt Sales			Annual Revenue			Cost of Gas Adjustment
		Test Year	After Contract Change	Adjustment	Test Year	After Contract Change	Adjustment	
1	<b><u>CTS Customers</u></b>							
2	Customer A	1,146	0	(1,146)	\$22,475	\$0	(\$22,475)	(\$503)
3	Customer B	8,768	0	(8,768)	\$29,315	\$0	(\$29,315)	(\$3,852)
4	Customer C	32,440	37,778	5,338	\$72,591	\$78,393	\$5,802	\$2,161
5	Customer D	167,509	132,221	(35,287)	\$384,168	\$255,190	(\$128,978)	(\$15,718)
6	<b><u>LVS-FT Customers</u></b>							
7	Customer E	148,481	0	(148,481)	\$233,339	\$0	(\$233,339)	(\$60,768)
8	Pro Forma Adjustment			<u>(188,345)</u>			<u>(\$408,303)</u>	<u>(\$78,681)</u>

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME  
SUMMARY OF PRO FORMA O&M ADJUSTMENTS**

<u>Line No.</u>	<u>Amount</u>	<u>Reference</u>
1 EET Expense	\$ (1,091,800)	KJB-7
2 EET Amortization Expense	\$ (678,100)	KJB-7
3 PIM Expense & Carrying Cost	\$ 1,576,933	KJB-15
4 Payroll Adjustment	\$ 918,111	KJB-16
5 Employee Benefit Adjustment	\$ (184,436)	KJB-17
6 Amortization Expense Adjustment	\$ (3,638,701)	KJB-18
7 Mortality Table Amortization	\$ 154,315	TSK-15
8 Pension Expense	\$ 649,049	TSK-15
9 <b>Total O&amp;M Adjustments</b>	<b><u>\$ (2,294,631)</u></b>	



**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**OPERATION AND MAINTENANCE EXPENSE - INTEGRITY MANAGEMENT**

<b>Line No.</b>		<b>Expense</b>
1	Pipeline Integrity Management Deferred Balance at August 31, 2017	<u>\$ 4,730,798</u>
2	<b>Pro-Forma Adjustment - Three Year Amortization of Deferred Expense</b>	<b>\$ 1,576,933</b>

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**PAYROLL EXPENSE**

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Line No.			
1	<u>Payroll Expenses:</u>		
2			
3	Annualized Payroll Expenses	\$30,683,329	
4	Less: Test Year Payroll Expenses	<u>\$29,830,463</u>	
5			
6	Pro Forma Payroll Adjustment		<u>\$ 852,866</u>
7			
8	FICA Adjustment		65,244
9			
10	<b>Total Pro Forma Payroll Adjustment</b>		<u><b>\$ 918,111</b></u>

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME  
OPERATION & MAINTENANCE EXPENSE - PAYROLL INCREASE**

Line No.	Month	Base Wages	Additions	Separations	Net Wages	Annualized Wages
1	September 2016 - Actual	\$2,333,786	\$172,340	(24,700)	\$2,481,426	\$2,555,869
2	October - Actual	\$2,233,807	\$141,080	(25,165)	\$2,349,722	\$2,420,213
3	November - Actual	\$2,350,924	\$92,852	(21,785)	\$2,421,991	\$2,494,651
4	December 2016 - Actual	\$3,595,564	\$83,452	(16,087)	\$3,662,929	\$3,772,816
5	January 2017 - Actual	\$2,356,946	\$57,363	(4,309)	\$2,410,000	\$2,410,390
6	February - Actual	\$2,169,245	\$34,236	(294)	\$2,203,187	\$2,203,577
7	March - Projected	\$2,516,763	\$27,350	0	\$2,544,113	\$2,544,503
8	April - Projected	\$2,291,490	\$373	0	\$2,291,863	\$2,292,254
9	May - Projected	\$2,551,684	\$356	0	\$2,552,040	\$2,552,430
10	June - Projected	\$2,487,768	\$373	0	\$2,488,141	\$2,488,532
11	July - Projected	\$2,433,115	\$0	0	\$2,433,115	\$2,433,505
12	August - Projected	\$2,509,372	\$0	0	\$2,509,372	\$2,509,763
13	<b>Totals</b>	<b>\$29,830,463</b>	<b>\$609,775</b>	<b>(92,340)</b>	<b>\$30,347,898</b>	<b>\$30,678,503</b>

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**EMPLOYEE BENEFITS EXPENSE**

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Line  
No.

1	<u>Employee Benefits Expenses:</u>		
2			
3	Annualized Benefit Expenses	\$4,925,405	
4	Less: Test Year Health Ins Expenses	<u>\$5,109,842</u>	
5			
6	<b>Pro Forma Benefits Adjustment</b>		<b><u>\$ (184,436)</u></b>

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**OPERATION AND MAINTENANCE EXPENSE - AMORTIZATIONS**

<b>Line No.</b>	<b>Category</b>	<b>Expense</b>
1	Rate Case Expense Amortization - 2013 Rate Case	\$ (206,627)
2	Hurricane Sandy Amortization - 2013 Rate Case	\$ (245,593)
3	Management Audit Exp Amortization - 2013 Rate Case	\$ (208,333)
4	PIM Expense & Carrying Cost - 2013 Rate Case	\$ (1,055,992)
5	AIRP Equity Tax Loss Amortization - 2013 Rate Case	\$ (1,296,334)
6	Total 2013 Rate Case Amortizations	<u>\$ (3,012,880)</u>
7	AIRP Equity Tax Loss Amortization - 2016 Roll-In	\$ (774,238)
8	2017 Rate Case Expense Amortization	\$ 148,417
9	<b>Pro Forma Adjustment</b>	<u><u>\$ (3,638,701)</u></u>

SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO OPERATING INCOME AND RATE BASE  
CUSTOMER DEPOSITS

Line  
No.

1	<b><u>Test Year Interest Calculation</u></b>								
2									
3									
4		<b><u>Actual and</u></b>	<b><u>Number of</u></b>	<b><u>Number of</u></b>	<b><u>Percentage of</u></b>	<b><u>Average</u></b>	<b><u>Rate Base</u></b>	<b><u>Current</u></b>	<b><u>Monthly</u></b>
5	<b><u>Month</u></b>	<b><u>Projected Data</u></b>	<b><u>Customers</u></b>	<b><u>with Deposits</u></b>	<b><u>with Deposits</u></b>	<b><u>Per Customer</u></b>	<b><u>for Customer</u></b>	<b><u>Interest</u></b>	<b><u>Interest</u></b>
6							<b><u>Deposits</u></b>	<b><u>Rate</u></b>	
7	Sep-16	Actual	374,506	37,218	9.94%	\$233	\$8,667,963	0.11%	\$847
8	Oct-16	Actual	375,051	36,012	9.60%	\$228	\$8,214,581	0.11%	\$762
9	Nov-16	Actual	376,013	35,544	9.45%	\$226	\$8,021,650	0.11%	\$773
10	Dec-16	Actual	377,494	35,545	9.42%	\$225	\$7,995,373	0.11%	\$714
11	Jan-17	Actual	379,136	35,238	9.29%	\$219	\$7,722,999	0.40%	\$2,803
12	Feb-17	Actual	379,897	35,446	9.33%	\$218	\$7,738,845	0.40%	\$2,614
13	Mar-17	Projected	380,306	35,483	9.33%	\$218	\$7,746,823	0.40%	\$2,632
14	Apr-17	Projected	380,217	35,474	9.33%	\$218	\$7,745,011	0.40%	\$2,546
15	May-17	Projected	380,090	35,462	9.33%	\$218	\$7,742,424	0.40%	\$2,630
16	Jun-17	Projected	379,837	35,439	9.33%	\$218	\$7,737,270	0.40%	\$2,544
17	Jul-17	Projected	379,492	35,407	9.33%	\$218	\$7,730,242	0.40%	\$2,626
18	Aug-17	Projected	379,401	35,398	9.33%	\$218	\$7,728,389	0.40%	\$2,626
19									
20									<b>Total Test Year (Sept - Aug) Interest</b>
21									<b>\$24,116</b>
22	<b><u>Post-Test Year Annualization of Interest</u></b>								
23	Feb-18	Projected	385,428	35,960	9.33%	\$218	\$7,851,158	0.40%	\$31,405
24									
25									
26	<b><u>Rate Base Test Year Adjustment</u></b>			<b><u>Rate Base PTY Pro-Forma Adjustment</u></b>			<b><u>Income Statement Interest Pro-Forma</u></b>		
27									
28	Deposits at February 28, 2017		\$7,738,845	Deposits at August 31, 2017		\$7,728,389	Test Year Interest		\$24,116
29									
30	Deposits at August 31, 2017		\$7,728,389	Deposits at February 28, 2018		<u>\$7,851,158</u>	Annualization of Interest		<u>\$31,405</u>
31									
32	<b>Test Year Adjustment</b>		<b><u>(\$10,457)</u></b>	<b>Pro-Forma Adjustment</b>		<b><u>\$122,770</u></b>	<b>Pro-Forma Adjustment</b>		<b><u>\$7,288</u></b>

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017 OPERATING INCOME  
OTHER EXPENSES - REVENUE TAXES**

Line No.		
1	<b><u>PUA Adjustments</u></b>	
2	CIP Revenue Adjustment (KJB-5)	(\$7,585,705)
3	Customer Annualization (KJB-5)	\$290,859
4	Sales from Post Test Year Plant Additions (KJB-5)	\$4,651,027
5	Contract Changes (KJB-5)	(\$408,303)
6	Interruptible Sales Revenue Adjustment	(\$55,305)
7	EET Revenue Adjustment (KJB-5)	<u>(\$5,430,500)</u>
8	Total Revenue Adjustments	(\$8,537,927)
9	PUA Tax Rate	<u>0.002505</u>
10	<b>Pro Forma Adjustment to PUA Taxes</b>	<b><u><u>(\$21,388)</u></u></b>

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017 OPERATING INCOME**  
**OTHER EXPENSES - BPU & PUBLIC ADVOCATE ASSESSMENT**  
(\$000)

<u>Line No.</u>		<u>BPU Assessment</u>	<u>Public Advocate Assessment</u>	<u>Total</u>
1	Year 2016 Intrastate Revenues	\$ 397,616	\$ 397,616	
2	Estimated Assessment Rate	\$0.002034	\$ 0.000471	\$0.002505
3				
4	Estimated Assessment	\$ 809	\$ 187	\$ 996
5	Less: Assessment included in Test Year			
6	Operating Expenses	\$ 728	\$ 162	\$ 890
7				
8	<b>Pro Forma Adjustment to PUA Taxes</b>	<b>\$ 81</b>	<b>\$ 26</b>	<b>\$ 107</b>



**SOUTH JERSEY GAS COMPANY**  
**Income Statement by Month**  
**Test Year SEPTEMBER 2016 - AUGUST 2017**  
**(Thousands Where Applicable)**

Description	2016 September Actual	2016 October Actual	2016 November Actual	2016 December Actual	2017 January Actual	2017 February Actual	2017 March Projected	2017 April Projected	2017 May Projected	2017 June Projected	2017 July Projected	2017 August Projected	Test Year Total
Operating Revenues													
Gas Sales Revenues	16,625	21,452	41,397	59,397	70,227	50,651	53,386	28,289	20,581	16,062	15,989	15,650	409,707
Other Gas Revenues	3,744	4,104	6,624	9,528	8,884	7,187	7,365	5,502	4,256	4,656	3,826	4,702	70,379
<b>Total Oper Revenues</b>	<b>20,369</b>	<b>25,556</b>	<b>48,021</b>	<b>68,925</b>	<b>79,112</b>	<b>57,838</b>	<b>60,751</b>	<b>33,792</b>	<b>24,838</b>	<b>20,719</b>	<b>19,815</b>	<b>20,352</b>	<b>480,086</b>
Operating Expenses													
Purchased Gas	8,029	8,758	20,840	29,098	31,986	15,909	24,495	12,052	8,541	7,259	7,195	7,862	182,021
Oper and Maint Exps													
Production	835	835	958	975	1,021	932	883	971	962	959	957	960	11,249
Transmission	462	389	468	535	404	397	482	478	460	483	439	471	5,467
Distribution	1,515	1,673	1,704	2,172	1,567	1,313	1,604	1,459	1,545	1,616	1,455	1,500	19,122
Customer Accounting	3,476	1,693	1,197	2,793	1,167	1,125	2,442	1,614	1,955	1,297	1,887	1,868	22,515
Conservation Program	235	258	393	687	945	813	1,982	923	988	921	859	715	9,719
Sales	128	74	99	219	193	150	238	97	99	439	98	98	1,931
Customer Services	0	0	0	33	9	0	0	0	0	0	0	0	43
EET Programs	145	244	165	224	127	145	121	118	106	120	116	140	1,770
Adm & General	3,136	2,868	3,516	6,844	3,696	3,447	4,228	3,585	3,747	4,012	3,657	3,926	46,661
<b>Total Oper &amp; Maint Exps</b>	<b>9,931</b>	<b>8,034</b>	<b>8,500</b>	<b>14,481</b>	<b>9,128</b>	<b>8,321</b>	<b>11,980</b>	<b>9,245</b>	<b>9,862</b>	<b>9,849</b>	<b>9,468</b>	<b>9,678</b>	<b>118,476</b>
Depreciation	3,929	3,952	3,978	4,204	4,224	4,239	4,256	4,290	4,314	4,337	4,409	4,435	50,565
Taxes other than Income Taxes	295	314	342	539	455	365	430	268	282	289	262	277	4,117
Fed Inc Taxes - Curr	(4,539)	(3,546)	(202)	(4,646)	5,216	3,735	1,999	(1,528)	(3,380)	(4,314)	(4,433)	(4,558)	(20,194)
- Def.	3,615	4,551	4,295	10,962	4,833	4,833	3,442	3,442	3,442	3,442	3,442	3,442	53,742
New Jersey Corp. Business Tax	(229)	265	803	217	2,508	2,137	1,405	488	4	(226)	(262)	(298)	6,811
Investment Tax Cr.-Net	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Oper Expenses</b>	<b>21,032</b>	<b>22,328</b>	<b>38,555</b>	<b>54,853</b>	<b>58,349</b>	<b>39,537</b>	<b>48,008</b>	<b>28,255</b>	<b>23,065</b>	<b>20,636</b>	<b>20,081</b>	<b>20,839</b>	<b>395,538</b>
<b>Net Operating Expense</b>	<b>(662)</b>	<b>3,228</b>	<b>9,466</b>	<b>14,071</b>	<b>20,763</b>	<b>18,300</b>	<b>12,743</b>	<b>5,536</b>	<b>1,773</b>	<b>83</b>	<b>(267)</b>	<b>(488)</b>	<b>84,547</b>
Rate-making Adjustment:													
Interest on Customer Deposit	1	1	1	1	3	3	3	3	3	3	3	3	24
<b>Adjusted Net Operating Income</b>	<b>(663)</b>	<b>3,228</b>	<b>9,465</b>	<b>14,071</b>	<b>20,760</b>	<b>18,298</b>	<b>12,740</b>	<b>5,534</b>	<b>1,770</b>	<b>80</b>	<b>(269)</b>	<b>(490)</b>	<b>84,523</b>

**6 & 6 UPDATE**

**Schedules  
of  
T.S. KAVANAUGH**

**SOUTH JERSEY GAS COMPANY  
CALCULATION OF ADJUSTED TEST YEAR  
DEFERRED FEDERAL INCOME TAX INCLUDED IN RATE BASE**

<u>Line No.</u>		<u>PTY ADDITIONS</u>	<u>ADDED TAX DEPRECIATION</u>	<u>DEFERRED TAX ADJUSTMENT</u>	<u>DFIT IN RATE BASE</u>
1	Projected DFIT Rate Base Balance 8/31/17				(404,126,766)
2	Annualized Book Depreciation*		1,382,774		
3	<u>Normalization on PTY Additions 9/17-2/18:</u>				
4	Book Depreciation*	1,369,558			
5	Tax Depreciation-Federal**	<u>(39,035,567)</u>			
6	Federal Tax Depreciation Over Book		<u>(37,666,009)</u>		
7	Total Added Tax Depreciation		(36,283,235)		
9	Deferred FIT (@ effective FIT rate of 35%)			(12,699,132)	
10	PTY Federal Net Operating Loss - Deferred Tax Asset			<u>3,975,716</u>	
11	Pro Forma Adjustment to Rate Base			(8,723,416)	
12	Projected Adjusted DFIT Rate Balance 8/31/17				<u>(412,850,182)</u>

\* Sourced from TSK-13 Depreciation of Utility Plant in Service

\*\* Includes Bonus Depreciation and First Year MACRS tax depreciation rate - 20 year life using half year convention

**SOUTH JERSEY GAS COMPANY  
CALCULATION OF ADJUSTED TEST YEAR  
DEFERRED NJ CORPORATE BUSINESS TAX INCLUDED IN RATE BASE**

<u>Line No.</u>	<u>PTY ADDITIONS</u>	<u>ADDED TAX DEPRECIATION</u>	<u>DCBT IN RATE BASE</u>
1	Projected Rate Base Balance 8/31/17		(63,167,167)
2	Annualized Book Depreciation*	1,382,774	
3	Normalization on Additions 9/17-2/18:		
4	Book Depreciation*	1,369,558	
5	Tax Depreciation-State @ 3.75%**	<u>(3,171,250)</u>	
6	State Tax Depreciation Over Book	<u>(1,801,691)</u>	
7	Added Tax Depreciation	(418,918)	
8	Pro Forma Adjustment - Deferred NJ CBT @ 9.00%		<u>(37,703)</u>
9	Adjusted Rate Balance @ 8/31/17		<u>(63,204,870)</u>

\* Sourced from TSK-13 Depreciation of Utility Plant in Service

\*\* First Year MACRS tax depreciation rate - 20 year life using half year convention

SOUTH JERSEY GAS COMPANY  
 PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017 OPERATING INCOME AND RATE BASE  
 DEPRECIATION EXPENSE AND ACCUMULATED DEPRECIATION

Line No.	PTY Utility Plant in Service	PTY Depreciation Expense	Summary Depreciation Expense Adjustments
1	<b><u>Depreciation Expense:</u></b>		
2			
3			\$ 1,382,774
4			
5			\$ 2,870,277
6			
7			\$ 273,339
8			
9	\$ 50,882,381	\$ 997,295	\$ 997,295
10			
11	\$ (9,293,046)	\$ (182,144)	\$ (182,144)
12			
13	\$ 42,977,327	\$ 554,408	\$ 554,408
14			
15			
16	<b><u>\$ 84,566,662</u></b>	<b><u>\$ 1,369,558</u></b>	<b><u>\$ 5,895,948</u></b>
17			
18	<b><u>Accumulated Depreciation:</u></b>		
19			
20			\$ (5,895,948)
21			
22			\$ 9,293,046
23			
24			<b><u>\$ 3,397,098</u></b>

**South Jersey Gas Company**  
**Non-Legal Asset Retirement Obligation Amortization**

TSK - 13A  
6&6

Line No.		(a) Start Reserve	(b) COR Amort.	(c) Net Salvage Allowance	(d) Net Salvage Incurred	(e) End Reserve
1	Jul-14	\$ 38,429,700	(101,387)	118,068	(346,909)	\$ 38,099,472
2	Aug-14	\$ 38,099,472	(101,387)	118,068	(201,092)	\$ 37,915,061
3	Sep-14	\$ 37,915,061	(101,387)	118,068	(526,751)	\$ 37,404,990
4	Oct-14	\$ 37,404,990	(88,344)	199,181	(788,777)	\$ 36,727,050
5	Nov-14	\$ 36,727,050	(88,344)	199,181	(424,275)	\$ 36,413,611
6	Dec-14	\$ 36,413,611	(88,344)	199,181	(584,414)	\$ 35,940,033
7	2015	\$ 35,940,033	(1,060,130)	2,390,167	(4,625,823)	\$ 32,644,247
8	2016	\$ 32,644,247	(1,060,130)	2,390,167	(5,745,619)	\$ 28,228,665
9	Jan to Aug 2017	\$ 28,228,665	(706,753)	1,593,445	(3,085,673)	\$ 26,029,684
New Shortfall (net col's c & d)				<b>(9,003,809)</b>		
10	Projected Balance Available to be Returned to Customer as of Aug 31, 2017				\$	26,029,684
11	Number of Years Remaining from the Original 40-Year Amortization Period					33 1/12
12	Projected Annual Amortization of Regulatory Liability				\$	786,791
13	Current Annual Amortization of Regulatory Liability included in Rates (BPU Docket No. GR1311113				\$	1,060,130
14	<b>Proposed Decrease in Annual Amortization of Regulatory Liability</b>				<b>\$</b>	<b>(273,339)</b>
15	Proposed Provision for Annual Net Negative Salvage (3-year average)				\$	5,260,444
16	Current Provision for Annual Net Negative Salvage				\$	2,390,167
17	<b>Proposed Change in Annual Net Negative Salvage</b>				<b>\$</b>	<b>2,870,277</b>

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME  
INCOME TAXES**

**Line No.**

1	Pre-Tax Adjustments (KJB-3)		\$ (18,322,551)
2			
3	Interest Synchronization:		
4			
5	Rate Base (KJB-2)	\$ 1,655,063,825	
6			
7	Total Weighted Cost of Long Term Debt (PRM-1 PG 1)	<u>1.69%</u>	
8			
9	Annualized Interest Expense	\$ 27,970,579	
10			
11	Less: Test Year Interest Expense	<u>\$ (26,333,700)</u>	
12			
13	Net Interest Expense		\$ (1,636,879)
14			
15			
16	Total Pre-Tax Adjustments		\$ (19,959,430)
17			
18	Income Tax Rate		<u>40.85%</u>
19			
20	Decrease to test year income taxes		<u>\$ (8,153,427)</u>
21			
22	AIRP II AFUDC Tax Adjustment		\$ (11,386)
23			
24	<b>Total Decrease to test year income taxes</b>		<b><u>\$ (8,164,813)</u></b>

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 OPERATING INCOME**  
**MORTALITY TABLE CHANGE IMPACT - PENSION EXPENSE**

Line No.	Year	Salaried/Management Plan	Bargaining Plan	Total	Expense Ratio	Incremental Expense	Basis
1	2015	\$ 742,516	\$ 1,354,525	\$ 2,097,041	48.0%	\$ 1,006,580	Actual
2	2016	477,465	860,827	1,338,292	50.0%	669,146	Actual
3	2017	418,000	860,000	1,278,000	50.0%	639,000	Estimate
4	Total	<u>\$ 1,637,981</u>	<u>\$ 3,075,352</u>	<u>\$ 4,713,333</u>		\$ 2,314,726	
5							
6				Projected Amortization Period		15	Years
7							
8				<b>Pro-Forma Adjustment - Annual Amortization</b>		<u><b>\$ 154,315</b></u>	
9							
10				<u>Test Year Expenses</u>			
11							
12				September - December 2016		\$ 223,049	
13				January - August 2017		\$ 426,000	
14							
15				<b>Pro-Forma Adjustment - Pension Expense</b>		<u><b>\$ 649,049</b></u>	



**6 & 6 UPDATE**

**Schedules  
of  
R.F. FATZINGER**

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2017  
MAJOR CONSTRUCTION PROJECTS**

Line No.	Project Name	Actuals as of 2/28/17	Projection 3/31/17 - 8/31/17	Projection Post-Test Year	Projection Total	Projected In Service Date
1	Pedricktown Distribution Regulator Station	\$0	\$195,500	\$154,600	\$350,100	October 2017
2	Pedricktown Distribution Main	\$0	\$16,700	\$132,500	\$149,200	October 2017
3	Echelon Mall Stations	\$0	\$44,800	\$104,900	\$149,700	October 2017
4	Replace Mexichem Station	\$0	\$195,900	\$11,000	\$206,900	September 2017
5	Reconstruct Mannington Mills Station	\$0	\$55,800	\$22,100	\$77,900	September 2017
6	Replace Ocean Heights Station	\$0	\$189,700	\$5,500	\$195,200	September 2017
7	District Regulator Station Surveillance	\$10,672	\$180,600	\$119,200	\$310,472	October 2017
8	Rebuild Distribution Regulator Stations	\$551,144	\$300,600	\$189,000	\$1,040,744	October 2017
9	District Regulator Station Security	\$3,064	\$75,000	\$50,200	\$128,264	December 2017
10	Purchase Volume Correcting Instruments	\$0	\$123,700	\$83,700	\$207,400	December 2017
11	Additional SCADA Monitoring Points	\$2,029	\$149,400	\$101,100	\$252,529	December 2017
12	LNG Tank Valve Control Panel Replacement	\$0	\$83,900	\$61,400	\$145,300	October 2017
13	Replace Harmony Road Line Heater	\$0	\$449,500	\$368,000	\$817,500	October 2017
14	Farm Tap Elimination	\$37,088	\$796,900	\$1,164,200	\$1,998,188	December 2017
15	Deepwater Lateral Uprating	\$20,153	\$1,545,400	\$414,100	\$1,979,653	October 2017
16	Lawnside Pipeline Refurbishment Project	\$2,098,680	\$10,155,900	\$15,745,420	\$28,000,000	December 2017
17	12 Woodbury Line Modifications	\$1,081,652	\$460,800	\$141,300	\$1,683,752	October 2017
18	Install Pipeline RCVs	\$265,933	\$104,300	\$15,100	\$385,333	December 2017
19	Unidirectional SCADA Gateway	\$133,728	\$81,000	\$79,400	\$294,128	December 2017
20	Install Station Flow Control	\$95,622	\$273,300	\$28,500	\$397,422	December 2017
21	Rebuild Salem Scrubber Station	\$25,828	\$39,800	\$172,200	\$237,828	October 2017
22	Harmony Road Primary Worker Valve Replacement	\$112,103	\$3,600	\$1,200	\$116,903	November 2017
23	Replace John Mansville Station	\$0	\$195,900	\$11,000	\$206,900	September 2017
24	CNG Station - Gold Medal Deptford	\$1,233,612	\$42,000	\$798,300	\$2,073,912	December 2017
25	CNG Station - Pennsville Hook Rd	\$1,497,398	\$49,800	\$24,900	\$1,572,098	December 2017
26	Total Pro Forma Adjustment	<u>\$7,168,707</u>	<u>\$15,809,800</u>	<u>\$19,998,820</u>	<u>\$42,977,327</u>	

**6 & 6 UPDATE**

**Schedules  
of  
P.J. ZUCCARINO**

**SOUTH JERSEY GAS CAPITAL  
ADJUSTMENT TO AUGUST 31, 2017 RATE BASE**

**PIJ-1  
6&6**

	September Actual 2016	October Actual 2016	November Actual 2016	December Actual 2016	January Actual 2017	February Actual 2017	March Projected 2017	April Projected 2017	May Projected 2017	June Projected 2017	July Projected 2017	August Projected 2017	2016-2017 Test Year Total
<b><u>New Business</u></b>													
1.0 Mains	1,302,749	1,138,032	1,339,196	1,034,453	1,260,604	1,089,686	2,204,900	2,088,700	2,373,200	2,420,800	1,740,900	1,523,500	19,516,719
1.1 Services	1,628,219	2,092,528	2,092,978	2,122,380	1,779,295	1,290,361	1,869,300	1,078,100	1,380,000	1,557,800	1,170,200	1,233,800	19,294,961
1.2 Meters	645,088	522,671	428,744	490,258	169,039	1,109,684	718,000	675,300	726,300	709,600	705,500	933,200	7,833,384
1.3 Regulators	168,493	86,985	55,547	69,635	76,653	124,546	146,000	50,500	52,300	51,700	51,100	47,700	981,158
<b>Total New Business</b>	<b>3,744,549</b>	<b>3,840,216</b>	<b>3,916,464</b>	<b>3,716,726</b>	<b>3,285,590</b>	<b>3,614,277</b>	<b>4,938,200</b>	<b>3,892,600</b>	<b>4,531,800</b>	<b>4,739,900</b>	<b>3,667,700</b>	<b>3,738,200</b>	<b>47,626,222</b>
2.0 Improvement Mains	358,485	842,426	563,803	1,359,705	666,614	243,704	841,500	191,200	285,400	239,300	88,100	100,500	5,780,737
<b><u>Replacements</u></b>													
3.0 Replacement Mains	2,119,345	3,549,919	1,687,369	2,820,400	2,937,857	1,038,995	1,661,600	1,509,000	1,508,100	1,508,100	705,900	701,100	21,747,684
3.0 Replacement Mains - AIRP II	32,262	382,637	710,038	1,376,370	2,218,100	3,877,633	2,611,994	6,182,431	6,212,612	2,257,886	-	-	25,861,960
3.0 Replacement Mains - SHARP	1,746,789	2,379,148	3,839,374	2,530,443	2,693,527	1,589,774	643,098	532,799	1,199,900	(100)	-	-	17,154,753
3.1 Replacement Services	1,600,467	2,361,366	1,381,403	968,340	1,207,571	616,295	2,131,800	1,910,200	2,011,800	1,917,600	958,800	898,200	17,963,843
3.1 Replacement Services - AIRP II	-	2,860	149,112	266,827	994,509	1,741,042	1,471,298	3,705,724	4,020,506	2,240,605	-	-	14,592,483
3.1 Replacement Services - SHARP	1,539,306	1,300,680	2,120,799	1,365,972	1,021,705	879,631	1,181,802	917,240	-	-	-	-	10,327,135
3.2 Leak Clamping	662,800	568,585	435,914	652,221	469,555	400,720	689,600	535,600	713,700	736,800	583,100	488,700	6,937,295
3.3 Replacement Meters	7,926	122,182	80,542	141,539	44,521	25,599	4,200	4,700	5,000	4,900	4,800	4,200	450,109
3.4 Replacement Regulators	993,727	827,501	910,746	470,328	892,362	196,790	494,700	551,500	746,800	732,700	496,200	494,700	7,808,054
<b>Total Replacements</b>	<b>8,702,622</b>	<b>11,494,877</b>	<b>11,315,296</b>	<b>10,592,439</b>	<b>12,479,709</b>	<b>10,366,479</b>	<b>10,890,092</b>	<b>15,849,194</b>	<b>16,418,418</b>	<b>9,398,491</b>	<b>2,748,800</b>	<b>2,586,900</b>	<b>122,843,316</b>
4.0 Land & Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
5.0 Automotive Equipment	57,584	478,657	176,227	400,454	1,811	127,297	282,800	99,800	129,300	353,600	492,900	285,200	2,885,630
6.0 Production Equipment	1,220,555	201,916	1,792,553	309,382	320,654	238,930	260,900	282,900	224,100	3,400	18,400	3,400	4,877,090
7.0 Transmission Equipment	(83,642)	5,872	205,577	(152,992)	42,603	96,255	156,600	11,600	7,700	7,700	7,700	7,700	312,673
8.0 Distribution Equipment	103,133	143,292	15,416	(1,214,532)	54,699	159,135	169,600	534,100	1,128,600	854,400	414,600	250,300	2,612,743
9.0 Office Furniture & Equipment	(22,696)	25,308	-	22,305	9,338	33,550	16,700	16,700	16,700	16,700	16,700	16,700	168,006
10.0 Building Improvements	(49,622)	100,267	96,891	(7,857)	64,694	30,587	141,100	222,500	206,600	201,800	135,400	135,400	1,277,760
11.0 Cathodic Protection	164,815	113,972	167,736	174,797	210,169	135,988	119,000	116,700	143,400	150,300	131,500	123,900	1,752,277
12.0 Communications Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
13.0 Information Technology	405,034	465,301	267,897	827,298	(43,879)	417,999	1,270,900	1,456,700	1,417,500	1,289,000	1,090,100	1,361,000	10,224,849
<b>TOTAL SJG Capex</b>	<b>14,600,818</b>	<b>17,712,105</b>	<b>18,517,860</b>	<b>16,027,724</b>	<b>17,092,000</b>	<b>15,464,202</b>	<b>19,087,392</b>	<b>22,673,994</b>	<b>24,509,518</b>	<b>17,254,591</b>	<b>8,811,900</b>	<b>8,609,200</b>	<b>200,361,303</b>
<b>Retirements:</b>													
Blankets	1,340,142	1,681,142	1,877,134	1,816,689	1,111,756	2,387,085	1,430,298	1,430,298	1,430,298	1,430,298	1,430,298	1,486,898	18,852,335
Specials	42,208	3,390	2,995	110,959	-	-	-	-	-	45,000	-	-	204,552
<b>Total Retirements</b>	<b>1,382,350</b>	<b>1,684,532</b>	<b>1,880,129</b>	<b>1,927,647</b>	<b>1,111,756</b>	<b>2,387,085</b>	<b>1,430,298</b>	<b>1,430,298</b>	<b>1,430,298</b>	<b>1,475,298</b>	<b>1,430,298</b>	<b>1,486,898</b>	<b>19,056,887</b>
<b>Total</b>	<b>13,218,467</b>	<b>16,027,573</b>	<b>16,637,731</b>	<b>14,100,077</b>	<b>15,980,244</b>	<b>13,077,118</b>	<b>17,657,094</b>	<b>21,243,696</b>	<b>23,079,220</b>	<b>15,779,293</b>	<b>7,381,602</b>	<b>7,122,302</b>	<b>181,304,416</b>

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2017 RATE BASE**

**PJZ-2**  
**6&6**

	<b>September Forecast 2017</b>	<b>October Forecast 2017</b>	<b>November Forecast 2017</b>	<b>December Forecast 2017</b>	<b>January Forecast 2018</b>	<b>February Forecast 2018</b>	<b>Total Post Test Year Forecast 2018</b>
<b><u>New Business</u></b>							
1.0 Mains	2,151,500	1,166,300	1,333,900	1,506,500	1,260,604	1,089,686	8,508,490
1.1 Services	1,650,300	1,186,700	1,284,200	2,085,400	1,779,295	1,290,361	9,276,256
1.2 Meters	759,600	717,500	655,400	689,700	169,039	1,109,684	4,100,923
1.3 Regulators	51,100	51,700	51,700	51,100	76,653	124,546	406,798
<b>Total New Business</b>	<b>4,612,500</b>	<b>3,122,200</b>	<b>3,325,200</b>	<b>4,332,700</b>	<b>3,285,590</b>	<b>3,614,277</b>	<b>22,292,467</b>
2.0 Improvement Mains	196,200	27,500	26,700	27,900	666,614	243,704	1,188,618
<b><u>Replacements</u></b>							
3.0 Replacement Mains	701,100	701,100	701,100	701,100	2,937,857	1,038,995	6,781,252
3.0 Replacement Mains - AIRP II	-	-	-	-	-	-	-
3.0 Replacement Mains - SHARP	-	-	-	-	-	-	-
3.1 Replacement Services	1,274,900	1,127,600	1,061,900	1,148,700	1,207,571	616,295	6,436,966
3.1 Replacement Services - AIRP II	-	-	-	-	-	-	-
3.1 Replacement Services - SHARP	-	-	-	-	-	-	-
3.2 Leak Clamping	741,000	611,700	468,200	729,700	469,555	400,720	3,420,875
3.3 Replacement Meters	4,800	4,900	4,900	4,800	44,521	25,599	89,520
3.4 Replacement Regulators	496,200	496,400	496,400	495,200	892,362	196,790	3,073,353
<b>Total Replacements</b>	<b>3,218,000</b>	<b>2,941,700</b>	<b>2,732,500</b>	<b>3,079,500</b>	<b>5,551,867</b>	<b>2,278,399</b>	<b>19,801,966</b>
4.0 Land & Buildings	-	-	-	-	-	-	-
5.0 Automotive Equipment	250,400	342,700	72,100	22,000	1,811	127,297	816,308
6.0 Production Equipment	3,400	3,500	3,500	3,200	320,654	238,930	573,185
7.0 Transmission Equipment	7,700	7,700	7,700	-	42,603	96,255	161,958
8.0 Distribution Equipment	29,400	23,400	23,400	23,400	54,699	159,135	313,434
9.0 Office Furniture & Equipment	16,700	16,700	16,700	16,700	9,338	33,550	109,688
10.0 Building Improvements	135,400	108,100	82,800	67,900	64,694	30,587	489,481
11.0 Cathodic Protection	175,100	190,600	111,600	252,300	210,169	135,988	1,075,757
12.0 Communications Equipment	-	-	-	-	-	-	-
13.0 Information Technology	1,064,400	946,900	850,600	823,500	(43,879)	417,999	4,059,520
<b>TOTAL SJG Capex</b>	<b>9,709,200</b>	<b>7,731,000</b>	<b>7,252,800</b>	<b>8,649,100</b>	<b>10,164,159</b>	<b>7,376,122</b>	<b>50,882,381</b>
<b>Retirements:</b>							
Blankets	1,430,298	1,811,498	1,693,898	1,430,298	1,111,756	1,430,298	8,908,046
Specials	385,000	-	-	-	-	-	385,000
<b>Total Retirements</b>	<b>1,815,298</b>	<b>1,811,498</b>	<b>1,693,898</b>	<b>1,430,298</b>	<b>1,111,756</b>	<b>1,430,298</b>	<b>9,293,046</b>

**6 & 6 UPDATE**

**Schedules  
of  
D.P. YARDLEY**

**SOUTH JERSEY GAS COMPANY**  
**Pro Forma Adjustment to August 31, 2017**  
**Summary of CIP Revenue Adjustment**

<u>Description</u>	<u>Actual 2016 September</u>	<u>Actual 2016 October</u>	<u>Actual 2016 November</u>	<u>Actual 2016 December</u>	<u>Actual 2017 January</u>	<u>Actual 2017 February</u>	<u>Projected 2017 March</u>	<u>Projected 2017 April</u>	<u>Projected 2017 May</u>	<u>Projected 2017 June</u>	<u>Projected 2017 July</u>	<u>Projected 2017 August</u>	<u>Test Year Total</u>
<b>CIP Revenue Adjustment</b>													
CIP Group 1 - RSG non-Heat	(\$9,778)	(\$23,715)	\$24,102	\$65,783	\$41,445	\$48,759	(\$20,836)	(\$14,070)	(\$9,378)	(\$11,219)	(\$11,693)	(\$8,080)	\$71,319
CIP Group 2 - RSG Heat	(\$174,461)	(\$3,081,892)	(\$1,794,864)	\$125,336	(\$4,933,352)	(\$7,183,203)	\$191,467	\$88,184	(\$538,299)	\$200,602	\$221,074	\$466,467	(\$16,412,941)
CIP Group 3 - GSG	(\$10,560)	(\$1,230,641)	(\$1,496,257)	(\$580,292)	(\$863,932)	(\$2,276,420)	(\$591,785)	\$88,178	\$423,619	\$360,627	\$257,162	\$647,362	(\$5,272,940)
CIP Group 4 - GSG-LV	(\$67,567)	(\$119,647)	\$1,395	(\$69,111)	(\$17,085)	(\$205,066)	(\$16,540)	\$237,676	\$42,604	\$39,892	(\$74,506)	\$457,544	\$209,590
Total Revenue	<u>(\$262,366)</u>	<u>(\$4,455,896)</u>	<u>(\$3,265,624)</u>	<u>(\$458,284)</u>	<u>(\$5,772,924)</u>	<u>(\$9,615,930)</u>	<u>(\$437,694)</u>	<u>\$399,968</u>	<u>(\$81,453)</u>	<u>\$589,901</u>	<u>\$392,037</u>	<u>\$1,563,293</u>	<u>(\$21,404,972)</u>
Weather Related Dollars	\$0	(\$116,847)	(\$1,358,045)	\$398,766	(\$4,983,098)	(\$7,760,043)	\$0	\$0	\$0	\$0	\$0	\$0	(\$13,819,267)
Total Non-Weather Related Dollars	<u>(\$262,366)</u>	<u>(\$4,339,049)</u>	<u>(\$1,907,579)</u>	<u>(\$857,050)</u>	<u>(\$789,826)</u>	<u>(\$1,855,887)</u>	<u>(\$437,694)</u>	<u>\$399,968</u>	<u>(\$81,453)</u>	<u>\$589,901</u>	<u>\$392,037</u>	<u>\$1,563,293</u>	<u>(\$7,585,705)</u>

**South Jersey Gas Company  
Derivation of CIP Baseline Use-per-Customer  
6 + 6 Update**

	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Total</u>
<b>Group 1: RSG Non-Heat</b>													
Customers	12,006	11,955	11,924	11,910	11,887	11,894	11,934	12,013	12,152	12,202	12,208	12,201	144,286
Therms	100,848	116,900	209,793	366,728	355,068	366,221	292,383	211,429	153,115	118,359	118,418	122,010	2,531,272
<b>Baseline Use per Cust.</b>	<b>8.40</b>	<b>9.78</b>	<b>17.59</b>	<b>30.79</b>	<b>29.87</b>	<b>30.79</b>	<b>24.50</b>	<b>17.60</b>	<b>12.60</b>	<b>9.70</b>	<b>9.70</b>	<b>10.00</b>	<b>211.32</b>
<b>Group 2: RSG Heat</b>													
Customers	337,925	338,431	339,260	340,513	341,955	342,648	342,969	342,811	342,691	342,541	342,308	342,281	4,096,333
Therms	5,334,396	5,899,267	24,687,255	42,693,053	51,843,293	44,580,651	36,114,636	17,963,296	9,149,850	5,720,435	5,442,697	5,408,040	254,836,868
<b>Baseline Use per Cust.</b>	<b>15.79</b>	<b>17.43</b>	<b>72.77</b>	<b>125.38</b>	<b>151.61</b>	<b>130.11</b>	<b>105.30</b>	<b>52.40</b>	<b>26.70</b>	<b>16.70</b>	<b>15.90</b>	<b>15.80</b>	<b>745.89</b>
<b>Group 3: GSG</b>													
Customers	24,398	24,488	24,649	24,896	25,118	25,171	25,218	25,208	25,062	24,909	24,791	24,734	298,642
Therms	3,043,580	2,407,587	8,241,728	14,246,532	16,801,819	13,959,641	11,983,498	7,020,157	5,140,642	3,884,282	3,272,741	4,838,861	94,841,071
<b>Baseline Use per Cust.</b>	<b>124.75</b>	<b>98.32</b>	<b>334.36</b>	<b>572.24</b>	<b>668.92</b>	<b>554.59</b>	<b>475.20</b>	<b>278.49</b>	<b>205.12</b>	<b>155.94</b>	<b>132.01</b>	<b>195.64</b>	<b>3,795.58</b>
<b>Group 4: GSG-LV</b>													
Customers	177	177	180	175	176	184	185	185	185	185	185	185	2,179
Therms	629,889	1,479,197	3,435,915	4,162,633	5,960,705	4,906,957	3,824,709	3,748,285	2,074,979	1,578,476	948,791	3,011,597	35,762,132
<b>Baseline Use per Cust.</b>	<b>3,558.70</b>	<b>8,357.05</b>	<b>19,088.42</b>	<b>23,786.48</b>	<b>33,867.64</b>	<b>26,668.25</b>	<b>20,674.10</b>	<b>20,261.00</b>	<b>11,216.10</b>	<b>8,532.30</b>	<b>5,128.60</b>	<b>16,278.90</b>	<b>197,417.54</b>