



One South Jersey Place  
Atlantic City, NJ 08401  
T: (609) 561-9000 ext. 4262  
ddirocco@sjindustries.com

Dominick DiRocco, Esq.  
VP/Rates & Regulatory Affairs

November 25, 2025

**Electronic Filing**

Sherri L. Golden  
Board Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 1st Floor  
P. O. Box 350  
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions**

**BPU Docket No. \_\_\_\_\_**

Dear Secretary Golden,

Enclosed is the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions, which has been filed electronically today consistent with the New Jersey Board of Public Utilities' ("BPU") e-Filing rules.

Schedule E to the Petition (Exhibit P-1) and Schedules JLH-1 and JLH-2 to the Direct Testimony of John L. Houseman (Exhibit P-5) each contain information that is non-public confidential financial information. Accordingly, this filing only contains the preliminary public version of Schedule E to the Petition and Schedules JLH-1 and JLH-2 to Mr. Houseman's testimony. On this same day, a filing is being made pursuant to the Open Public Records Act (N.J.S.A. 47:1A-1 et seq. and N.J.A.C. 14:1-12.1 et seq.) that contains the full confidential version of this filing.

In accordance with the BPU's March 19, 2020 and June 10, 2020 Orders issued in Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dominick DiRocco". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dominick DiRocco

Enclosures

cc: Service List (Electronic Mail)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY  
FOR APPROVAL OF INCREASED BASE TARIFF RATES AND CHARGES FOR GAS  
SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER TARIFF  
REVISIONS**

**BPU DOCKET NO. \_\_\_\_\_**

**SERVICE LIST**

**NJ BOARD OF PUBLIC UTILITIES**

Cindy Bianco  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[cindy.bianco@bpu.nj.gov](mailto:cindy.bianco@bpu.nj.gov)

Robert Brabston  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[Robert.brabston@bpu.nj.gov](mailto:Robert.brabston@bpu.nj.gov)

Juan Urena  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[juan.urena@bpu.nj.gov](mailto:juan.urena@bpu.nj.gov)

Jacqueline Galka  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[jacqueline.galka@bpu.nj.gov](mailto:jacqueline.galka@bpu.nj.gov)

Richard Lambert  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[richard.lambert@bpu.nj.gov](mailto:richard.lambert@bpu.nj.gov)

Jackie O'Grady  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[jackie.ogrady@bpu.nj.gov](mailto:jackie.ogrady@bpu.nj.gov)

Stacy Peterson  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[Stacy.peterson@bpu.nj.gov](mailto:Stacy.peterson@bpu.nj.gov)

Dean Taklif  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[Dean.Taklif@bpu.nj.gov](mailto:Dean.Taklif@bpu.nj.gov)

Benjamin Witherell  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[benjamin.witherell@bpu.nj.gov](mailto:benjamin.witherell@bpu.nj.gov)

Heather Weisband  
NJ Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
[Heather.weisband@bpu.nj.gov](mailto:Heather.weisband@bpu.nj.gov)

**DIVISION OF LAW**

Steven Chaplar, DAG  
Dept. of Law & Public Safety  
Division of Law  
RJ Hughes Justice Complex  
25 Market Street, 7<sup>th</sup> Floor West  
P.O. Box 112  
Trenton, NJ 08625  
[steven.chaplar@law.njoag.gov](mailto:steven.chaplar@law.njoag.gov)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY  
FOR APPROVAL OF INCREASED BASE TARIFF RATES AND CHARGES FOR GAS  
SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER TARIFF  
REVISIONS**

**BPU DOCKET NO. \_\_\_\_\_**

**SERVICE LIST**

Jordan Mitchell, DAG  
Dept. of Law & Public Safety  
Division of Law  
RJ Hughes Justice Complex  
25 Market Street, 7<sup>th</sup> Floor West  
P.O. Box 112  
Trenton, NJ 08625  
[jordan.mitchell@law.njoag.gov](mailto:jordan.mitchell@law.njoag.gov)

**DIVISION OF RATE COUNSEL**

Maura Caroselli, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mcaroselli@rpa.nj.gov](mailto:mcaroselli@rpa.nj.gov)

Joy Carter  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[jcarter@rpa.nj.gov](mailto:jcarter@rpa.nj.gov)

Karen Forbes  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[kforbes@rpa.nj.gov](mailto:kforbes@rpa.nj.gov)

Brian O. Lipman, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[blipman@rpa.nj.gov](mailto:blipman@rpa.nj.gov)

Michael Lombardi, Esq  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mlombardi@rpa.nj.gov](mailto:mlombardi@rpa.nj.gov)

Megan Lupo, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mlupo@rpa.nj.gov](mailto:mlupo@rpa.nj.gov)

Mamie W. Purnell, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mpurnell@rpa.nj.gov](mailto:mpurnell@rpa.nj.gov)

**SOUTH JERSEY GAS COMPANY**

Dominick DiRocco, Esq.  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401  
[ddirocco@sjindustries.com](mailto:ddirocco@sjindustries.com)

Cindy Capozzoli  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401  
[ccapozzoli@sjindustries.com](mailto:ccapozzoli@sjindustries.com)

Gary Akmentins  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[gakmentins@sjindustries.com](mailto:gakmentins@sjindustries.com)



**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY  
FOR APPROVAL OF INCREASED BASE TARIFF RATES AND CHARGES FOR GAS  
SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER TARIFF  
REVISIONS**

**BPU DOCKET NO. \_\_\_\_\_**

**SERVICE LIST**

Karen J. Crispin  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[kcrispin@sjindustries.com](mailto:kcrispin@sjindustries.com)

James G. Fredericks  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[jfredericks@sjindustries.com](mailto:jfredericks@sjindustries.com)

Sara Hyatt  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[shyatt@sjindustries.com](mailto:shyatt@sjindustries.com)

Carolyn A. Jacobs  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401  
[cjacobs@sjindustries.com](mailto:cjacobs@sjindustries.com)

Sheree Kelly  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083  
[skelly@sjindustries.com](mailto:skelly@sjindustries.com)

Andrew McNally  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083  
[amcnally@sjindustries.com](mailto:amcnally@sjindustries.com)

Jennifer Weitz  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083  
[jweitz@sjindustries.com](mailto:jweitz@sjindustries.com)

Kenneth T. Maloney, Esq.  
Cullen and Dykman LLP  
1101 14<sup>th</sup> Street, NW  
Suite 750  
Washington, DC 20005  
[kmaloney@cullenllp.com](mailto:kmaloney@cullenllp.com)

Terrence Regan  
Cullen and Dykman  
One Battery Park Plaza, 34<sup>th</sup> Flr  
New York, NY 10004  
[tregan@cullenllp.com](mailto:tregan@cullenllp.com)

Ann Bulkley  
The Brattle Group  
One Beacon Street  
Suite 2600  
Boston, MA 02108  
[Ann.bulkley@brattle.com](mailto:Ann.bulkley@brattle.com)

Timothy S. Lyons  
ScottMadden, Inc.  
1900 West Park Drive  
Suite 250  
Westborough, MA 01581  
[tlyons@scomttmadden.com](mailto:tlyons@scomttmadden.com)

Dane A. Watson  
Alliance Consulting Group  
101 E. Park Blvd  
Plano, TX 75074  
[dwatson@alliancecpg.net](mailto:dwatson@alliancecpg.net)

Daniel P. Yardley, Principal  
Yardley & Associates  
2409 Providence Hills Drive  
Matthews, NC 28105  
[dan@yardleyassociates.com](mailto:dan@yardleyassociates.com)

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

|                                           |   |                       |
|-------------------------------------------|---|-----------------------|
| <b>IN THE MATTER OF THE PETITION OF</b>   | : |                       |
| <b>SOUTH JERSEY GAS COMPANY FOR</b>       | : | <b>CASE SUMMARY</b>   |
| <b>APPROVAL OF INCREASED BASE TARIFF</b>  | : |                       |
| <b>RATES AND CHARGES FOR GAS SERVICE,</b> | : | <b>BPU DOCKET NO.</b> |
| <b>CHANGES TO DEPRECIATION RATES AND</b>  | : |                       |
| <b>OTHER TARIFF REVISIONS</b>             | : |                       |

This Petition presents the request of South Jersey Gas Company (“South Jersey” or “Company”) for approval by the Board of Public Utilities (“Board”) of an increase in base tariff rates, changes to depreciation rates, and other tariff revisions as detailed further in its Petition and supporting Exhibits.

This filing is predominantly driven by the significant capital investments that the Company has made since its last base rate proceeding. Since its last base rate case, excluding Infrastructure Investment Program (“IIP”) spending, the Company has invested approximately \$489.7 million of net plant additions as of September 30, 2025 that are not currently reflected in rates, and projects that an additional approximately \$167.5 million will be added to the Utility Plant In Service balance by September 30, 2026, excluding the IIP investments. These capital investments have been and will continue to be made to ensure the safety, reliability and resiliency of South Jersey’s distribution system, support customer needs, and maintain the Company’s best in class customer service.

With these investments, the Company seeks the opportunity to earn a fair return on and of its investments to ensure it can continue to attract the necessary capital to support further investments that enable it to provide ongoing safe and reliable service to its customers. Without rate relief in this proceeding, South Jersey will fall substantially below the 9.6 percent return on equity authorized by the Board in the Company’s last base rate case.

## **Exhibit P-1**

South Jersey is seeking an increase in delivery rates for gas service of \$74,711,081 or 9.6 percent above adjusted post-test year revenues. The Petition is based upon a 12-month test period ending March 31, 2026, with certain adjustments to operating income and rate base projected beyond the test period. In order to achieve a reasonable return on investment for the Company's shareholders, the Company requests the Board to establish an overall rate of return on invested capital of 7.96 percent, inclusive of a 10.0 percent return on common equity.

The impact of this Petition on the bill of an average residential customer using 100 therms per month would be \$17.52 or 9.4 percent as compared to rates in effect as of November 1, 2025. The actual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of each customer's usage.

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

|                                           |          |                       |
|-------------------------------------------|----------|-----------------------|
| <b>IN THE MATTER OF THE PETITION OF</b>   | <b>:</b> |                       |
| <b>SOUTH JERSEY GAS COMPANY FOR</b>       | <b>:</b> | <b>PETITION</b>       |
| <b>APPROVAL OF INCREASED BASE TARIFF</b>  | <b>:</b> |                       |
| <b>RATES AND CHARGES FOR GAS SERVICE,</b> | <b>:</b> | <b>BPU DOCKET NO.</b> |
| <b>CHANGES TO DEPRECIATION RATES AND</b>  | <b>:</b> |                       |
| <b>OTHER TARIFF REVISIONS</b>             | <b>:</b> |                       |

**TO: THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES**

South Jersey Gas Company (sometimes hereinafter referred to as “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 of Public Utilities (sometimes hereinafter referred to as the “Board” or “BPU”) for authority pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and N.J.A.C. 14:1-5.12 to increase its base tariff rates and charges for gas service and to implement certain other tariff revisions. The Company also proposes to modify its existing depreciation rates pursuant to N.J.S.A. 48:2-18 and N.J.A.C. 14:1-5.7 and seeks such other relief as more fully described herein. In support thereof, Petitioner states as follows:

**I. BACKGROUND**

1. Petitioner is engaged in the transmission, distribution, transportation and sale of natural gas within its service territory within the State of New Jersey. The Company’s 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 425,700 customers.

2. Petitioner is a wholly owned subsidiary of SJI Utilities, Inc. (“SJIU”), which in turn is a wholly owned subsidiary of South Jersey Industries, Inc. (“SJI”), which in turn is owned by IIF US Holding 2, LP (“IIF”), a private equity fund.<sup>1</sup>

3. The rate schedules and other tariff provisions that South Jersey proposes to increase and modify by virtue of this filing are those currently effective rate schedules and tariff provisions now on file with the Board, designated “Tariff for Gas Service, B.P.U.N.J. No. 14 – Gas” (the “Existing Tariff”). The Existing Tariff was issued pursuant to Board Orders in Docket Nos. GR20030243, effective October 1, 2020; GR20060436, effective February 1, 2021; GR20070504, effective June 1, 2021; GO20090618, effective July 1, 2021; GR21040748 and ER21060939, effective October 1, 2021; GR21060951, effective January 1, 2022; GR21060950 and GR21060880, effective April 1, 2022; GR21071016, effective June 1, 2022; GR22060364 and ER21060939, effective October 1, 2022; and GR22040253, effective January 1, 2023.

4. The proposed rate schedules and other tariff provisions that Petitioner seeks to make effective as a result of this filing are those contained in the tariff sheets, which are redlined against the Existing Tariff to reflect proposed changes (the “Proposed Tariff”), a copy of which is attached to the Direct Testimony of Cindy Capozzoli as Schedule CLC-36 and incorporated herein by reference. A clean copy of the Proposed Tariff is attached to the Direct Testimony of Ms. Capozzoli as Schedule CLC-35 and is also incorporated herein by reference. It is requested that

---

<sup>1</sup> The acquisition of SJI by IIF (the “Merger”) was approved in the Board’s January 25, 2023 Order in BPU Docket No. GM22040270 *In the Matter of the Merger of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc.* (“2023 Merger Order”). Upon such acquisition, SJI became a privately-held company.

the Proposed Tariff be made effective December 26, 2025, a date which is not less than thirty (30) days from the date of this filing.<sup>2</sup>

## II. BASE RATES

5. Petitioner's projected operating revenues for the twelve-month test year period ending March 31, 2026 (utilizing six months' actual data and six months' estimated data) total \$803,486,878. Inclusive of post-test year *pro forma* adjustments, the rates proposed in this Petition would yield additional operating revenues of \$74,711,081 or approximately 9.6% above adjusted post-test year revenues.

6. The impact of this Petition on the bill of a residential heat customer using 100 therms per month would be \$17.52 or 9.4%. The actual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of each customer's usage.

7. In accordance with N.J.A.C. 14:1-5.12(a)(4), the amount of operating revenue derived from intrastate service during the twelve months ended December 31, 2024, was \$623,831,410. Petitioner proposes to establish rates based on a post-test year rate base of \$2,913,070,490.

8. The Company proposes to include a Cash Working Capital allowance in rate base of \$103,317,141. This is based, in part, on a lead-lag study addressed in the Direct Testimony of Timothy S. Lyons, attached to the Petition and marked as Exhibit P-7.

---

<sup>2</sup> It is Petitioner's expectation that the Board will suspend Petitioner's filing for two consecutive four month periods as permitted under N.J.S.A. 48:2-21. Petitioner also notifies the Board that it reserves the right to implement the proposed rates on September 1, 2026, on an interim basis pursuant to law and Board regulations and policy if the Board has suspended the effective date of new rates pursuant to N.J.S.A. 48:2-21 but not finally determined a just and reasonable rate prior to that date.

9. Petitioner's filing proposes a return on equity of 10 percent applied to a capital structure that consists of 57 percent common equity and 43 percent long-term debt, which results in an overall rate of return of 7.96 percent. Petitioner's proposed capital structure and cost of capital are discussed in the Direct Testimony and schedules of Ann E. Bulkley, attached to the Petition and marked as Exhibit P-6 and Cindy Capozzoli, attached to the Petition and marked as Exhibit P-3.

10. Further, the Company has calculated a consolidated tax adjustment ("CTA"), as required by N.J.A.C. 14:1-5.12(a)(11). While the Board has issued regulations that require utilities to provide information concerning a CTA in rate cases, almost all regulatory jurisdictions do not use this approach but rather use a "stand-alone" approach to determine the level of federal income tax costs included in the revenue requirement. The stand-alone approach allocates federal income taxes among members of the consolidated group using the benefits/burdens criteria outlined by the Federal Energy Regulatory Commission in Opinion 173.<sup>3</sup> While the Company submits that the Board should use a stand-alone approach to determine the level of federal income tax expense for ratemaking purposes, the Company's CTA calculation is attached to the Petition and marked as Exhibit P-1, Schedule E. After the execution of an Agreement of Non-Disclosure, a proposed version of which is included with this filing as Schedule C, CTA schedules calculated in accordance with N.J.A.C. 14:1-5.12(a)(11)<sup>4</sup> will be provided to the parties.

11. Petitioner's test year ends March 31, 2026, Petitioner is proposing to reflect changes in certain capital expenditures through September 30, 2026, and changes in certain revenues and expenses through December 31, 2026. These post-test year changes are being made

---

<sup>3</sup> *Columbia Gulf Transmission Co. et al.*, 23 FERC ¶ 61,396 (1983).

<sup>4</sup> The Company's CTA calculation sets forth information required by the current version of N.J.A.C. 14:1-5.12.

in a manner consistent with the Board's May 23, 1985 decision in *In Re Elizabethtown Water Company Rate Case*, BPU Docket No. WR8504330.

12. Petitioner's filing in this case is based on six months of actual data and six months of estimated data. During the processing of this case, South Jersey will update its Direct Testimony and Exhibits, as appropriate to reflect actual results. It is anticipated that before the conclusion of this case, the entire test year ending March 31, 2026 will reflect actual results.

13. Petitioner has implemented an Infrastructure Investment Program ("IIP") in accordance with the Board's June 8, 2022 Order in BPU Docket No. GR20110726, which authorized the Company to implement an IIP to invest up to \$200 million over a five-year period beginning July 1, 2022 and ending June 30, 2027. As discussed by Company witness Cindy Capozzoli, the Board authorized the Company to include IIP investment costs from July 1, 2022 through June 30, 2023 and from July 1, 2023 through June 30, 2024 in rates on a provisional basis by Orders dated September 27, 2023 and September 25, 2024 in BPU Docket Nos. GR23040269 and GR24040282, respectively. Petitioner is proposing to roll these IIP Investment costs into the rates to be established in this proceeding on a final basis. The Direct Testimony of the Engineering Panel, attached to the Petition and marked as Exhibit P-4, discusses the prudence of Petitioner's capital expenditures under the IIP.

### **III. NEED FOR RATE RELIEF**

14. Since the conclusion of South Jersey's last base case -- the 2022 Base Rate Case<sup>5</sup> -- the Company has managed its business responsibly and effectively and continues to provide a high quality of service to its customers at reasonable rates. In order to maintain and

---

<sup>5</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions*, Docket Nos. BPU GR22040253 and OAL PUC 04318-22S, "Decision and Order Adopting Initial Decision and Stipulation" (December 21, 2022) ("2022 Base Rate Case").



enhance this high level of service, the Company has made significant and prudent investments to its transmission and distribution systems, all the while experiencing cost increases that impact its cost of service.

15. The 2022 Base Rate Case was resolved by the Board in BPU Docket No. GR22040253 on December 21, 2022, when the Board authorized Petitioner to increase its base rates by approximately 3.4%. In that proceeding, the annual revenue requirement increase was based upon a rate base of approximately \$2.4 billion. Through March 31, 2026, the Company forecasts that it will make approximately \$592.7 million of net plant additions, excluding Infrastructure Investment Program (“IIP”) investments, that are not currently reflected in rates. The Company projects that an additional approximately \$64.4 million of such additions will be added to its plant in service balance between April 1, 2026 and September 30, 2026. In making these needed investments, the Company follows a number of practices to ensure that its capital expenditures are reasonable, including competitive bidding, contractor quality assurance, and cost tracking, which includes budget variance analysis. For municipal projects, the Company endeavors to control costs by engaging with the municipalities before and during the projects to minimize costs and coordinates with other utility or municipal projects, where possible, in an effort to share costs.

16. The primary driver of the proposed rate increase in this case is to provide the Company a reasonable opportunity to earn a fair return on the investments made, so that it can continue to invest in the infrastructure necessary to continue providing safe and reliable service to its customers. South Jersey’s request for rate relief is also driven by a need to recover greater depreciation expense, as well as increases to its operations and maintenance (“O&M”) costs incurred by the Company since the 2022 Base Rate Case. Without appropriate rate relief in this

proceeding, allowing a reasonable return of and return on these investments, South Jersey would earn a 6.96% return on equity (“ROE”) for the test year ended March 31, 2026. This represents a significant under-earning relative to the 9.60% ROE authorized by the Board in the Company’s last rate case.

17. As discussed more fully by Company witness Daniel P. Yardley of Yardley Associates, the Company proposes to allocate the proposed base rate revenue increase of \$74.7 million to all rate classes in proportion to their existing base revenues. The Company is also proposing to increase monthly customer charges to reduce existing intra-class subsidies.<sup>6</sup> The Company also proposes to increase the monthly demand charges applicable to the larger commercial and industrial classes. All of these changes are supported by the allocated cost of service study performed by Mr. Yardley.

18. As a result of the Company’s investments, customers are receiving benefits through increased safety and overall system reliability.

19. The Company plans to proceed with ongoing, necessary transmission and distribution system construction projects over the test year and post-test year period as further detailed in the Direct Testimony of the Engineering Panel (Brian Ritz and Jonathan Olivo), attached hereto as Exhibit P-4. These projects are necessary to improve South Jersey’s transmission and distribution infrastructure and maintain safety and reliability.

20. Despite the Company’s efforts to effectively manage costs while continuing to provide customers with safe and reliable service, ongoing infrastructure investments and related capital expenditures, combined with other expenses, have necessitated this filing for rate relief.

---

<sup>6</sup> For example, the Company proposes to increase the existing monthly Service Classification RSG Customer Charge from \$9.85 to \$13.00.

South Jersey intends to maintain its excellent quality of service while also having an opportunity to earn a reasonable return.

21. In 2023, IIF acquired SJI in a merger transaction that was approved by the Board's 2023 Merger Order. The 2023 Merger Order imposed a number of conditions on its approval of the 2023 Merger. Company witnesses Cindy Capozzoli and Ann Bulkley discuss Elizabethtown's compliance with all applicable conditions of the 2023 Merger Order

## **V. AFFORDABILITY ANALYSIS**

22. Utility services are essential, and the Company acknowledges the need for such services to be affordable. To that end, the Company has endeavored to incorporate the results of ongoing efforts to obtain efficiencies that offset the need for rate relief including approximately \$4.3 million of forecasted annual savings resulting from Non-Union and Union Voluntary Retirement Program, procurement savings and other decreases in certain operating and maintenance costs.. In addition, the Company conducted an affordability analysis regarding the impact on customers as a result of the proposed rates in this case (the "Affordability Analysis"). As discussed in the Direct Testimony of Ms. Capozzoli, the Affordability Analysis concludes that the Company's gas service is currently affordable for most residential customers, and there are a number of assistance programs that mitigate the impact of the Company's rates on low income customers. The Affordability Analysis also indicates that the Company's gas service will remain affordable under proposed rates.

## **VI. TARIFF PROPOSALS**

23. The Company proposes tariff changes as discussed in the Direct Testimony of Cindy Capozzoli. The changes proposed by Ms. Capozzoli are to rename the Delivery Charge to Distribution Charge for the Residential Service (RSG) and General Service (GSG) rate classes and to change the calculation of the Distribution Charge such that it only includes base rates. In

addition, footnote (1) on all rate schedules would be amended to clarify that the charges displayed in the Tariff only includes sales and use taxes and will be adjusted for all other applicable Riders in the Tariff. In addition, as discussed by Ms. Capozzoli, the Company is also proposing roll the Company's IIP Year 1 and Year 2 revenue requirements currently collected through the IIP Rider into base rates.

## **VII. OTHER REQUESTED RELIEF**

24. As more fully discussed in the Direct Testimony of Dane A. Watson, attached hereto as Exhibit P-8, Petitioner proposes to modify its depreciation rates. Petitioner's proposed depreciation rates have been determined in a manner consistent with Board precedent and are set forth in Exhibit P-8, Schedule DAW-2, Appendix A. A comparison of Petitioner's current and proposed depreciation rates is set forth in Exhibit P-8, Schedule DAW-2, Appendix B. The effect of the proposed depreciation rates on Petitioner's proposed revenue requirement is discussed by Company witness Houseman (Exhibit P-5). Petitioner requests that its revised depreciation rates take effect simultaneously with the effective date of the new rates resulting from this proceeding.

25. As set forth in the Direct Testimony of John Houseman (Exhibit P-5), in the Company's base rate case in BPU Docket No. GR20030243 ("2020 Base Rate Case"), the Company was authorized to create a regulatory asset for Transmission Integrity Management Program ("TIMP") costs if the Company incurred such costs prior to the effective date of rates in its next base rate proceeding. This authority was continued in the 2022 Base Rate Case. No regulatory asset has been established, to date, as the Company has yet to spend any material O&M expense amounts related to the TIMP. However, the federal pipeline safety regulations are continuing to evolve and likely will result in costs associated with new requirements applicable to the Company and its transmission lines. Therefore, the Company proposes to continue the authority to establish a TIMP regulatory asset.

26. In addition, as set forth in the testimony of Mr. Houseman, in the Company's 2022 Base Rate Case, the Board authorized SJG to create a regulatory asset for Transportation Security Administration ("TSA") related costs. No regulatory asset has been established to date as the Company has yet to spend any material O&M expense amounts related to the program. However, the TSA regulations are continuing to evolve and likely will result in costs associated with new requirements applicable to SJG. Therefore, the Company proposes to continue the authority to establish a TSA regulatory asset, as approved in its 2022 Base Rate Case

27. As further discussed in the testimony of Mr. Houseman, in the Company's base rate case in BPU Docket No. GR17010071, the Board authorized the Company to defer incremental pension and postretirement healthcare expenses. In the Company's 2022 Base Rate Case, SJG was permitted to continue to defer any such costs incurred prior to the effective date of rates in its next base rate proceeding. The Company requests that it be permitted to continue to defer any such costs on a going-forward basis.

28. Also, as discussed in the testimony of Mr. Houseman, the Company is requesting authority to create a regulatory asset to defer any costs that would otherwise be expensed related to the Vineland LNG Project if it is determined that an impairment of these assets is required under GAAP. Recovery of any deferred amounts would be requested in a future base rate case proceeding.

29. Finally, as also discussed in the testimony of Mr. Houseman and the Company's Engineering Panel, the Company plans to undertake a significant technological transformation project – referred to as the Utility Alignment Project – to provide unified cloud-based systems to replace the Company's current customer service and billing systems, asset management system and core integrated systems such as the customer relationship management system and geographic

information system. The Utility Alignment Project will allow the Company to provide increased functionality, obtain efficiencies, bolster cyber security and align processes with its affiliate Elizabethtown Gas Company. The Project is expected to enhance customer service and the Company's ability to provide safe, reliable natural gas service. The Company forecasts that it will incur an estimated \$9 million to \$15 million of one-time implementation operational costs during the period 2026-2028 prior to placing the project in service in the last quarter of 2028. The Company forecasts that the Utility Alignment Project will result in significant savings in IT costs. These savings are forecast to be associated with reductions in costs for technical support vendors, server refreshes, middleware and license costs for the Company's core customer, asset and geographic information systems. These savings are expected to be realized beginning in 2029. Accordingly, in order to match costs and savings associated with the Utility Alignment Project, the Company proposes to defer the operating costs associated with the Utility Alignment Project so that the total costs and savings associated with the project can be considered by the Board in a future base rate case.

30. As set forth in the Direct Testimony of Ms. Capozzoli (Exhibit P-3), deferred accounting treatment of Pipeline Integrity Management ("PIM") program costs was approved in the Company's last five base rate cases. The Company also proposes to continue deferred treatment of PIM expenses going forward.

31. In addition, as discussed in the Direct Testimony of Ms. Capozzoli (Exhibit P-3), Petitioner has established a regulatory asset to defer any costs which would otherwise be expensed related to the Energy and Water Benchmarking of Commercial Buildings in BPU Docket No. QO21071023.<sup>7</sup> The 2022 Benchmarking Order requires utilities to provide web services that allow

---

<sup>7</sup> *In the Matter of the Implementation of P.L. 2018, C. 17 – Energy and Water Benchmarking of Commercial Buildings*, BPU Docket No. QO21071023, Order dated September 7, 2022 ("2022 Benchmarking Order").

the owner or operator of any commercial building over 25,000 square feet in the State to benchmark its energy usage for the prior calendar year using the United States Environmental Protection Agency's Portfolio Manager tool. The 2022 Benchmarking Order directed "the regulated utilities to file for cost recovery of the reasonable and prudent costs of implementing the Benchmarking Requirement, which may include establishing, operating, and maintaining data aggregation and data access services, for the Board to evaluate in future base rate case proceedings." The Company proposes to amortize costs forecast to be incurred through March 31, 2026, the end of the test year period, over a three-year period.

32. As also discussed in the Direct Testimony of Ms. Capozzoli, Petitioner has deferred costs related to the Board's requirement in the 2023 Merger Order to submit a proposal necessary to enable it to incorporate Non-Pipes Alternatives ("NPAs") in its supply/demand planning. The Company proposes to amortize the costs related to such Board requirement over a three-year period.

33. As further discussed in the testimony of Ms. Capozzoli, by Board Order issued September 17, 2018 in Docket Nos. AX18010001 and GR18030230,<sup>8</sup> Rider "H" to the Company's tariff was initially established to refund the Company's Excess Deferred Income Taxes (EDITs) resulting from the Tax Cuts and Jobs Act of 2017. As of September 30, 2023, the Company has over-refunded these amounts and proposes to amortize such over-refund over a three-year period.

34. In addition, as also explained by Ms. Capozzoli, South Jersey is proposing to establish a regulatory asset and amortize fifty percent of expenses related to this filing, including

---

<sup>8</sup> *In the Matter of the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017*, BPU Docket No. AX18010001 and *In the Matter of the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017*, BPU Docket No. GR18030230, Order dated September 17, 2018.

the projected costs of legal and consultant expenses, newspaper notices, court reporting, postage, and other miscellaneous expenses, over a three-year period.

### VIII. PROPOSED PROCEDURAL SCHEDULE

35. The Company respectfully requests that the Board establish a procedural schedule and/or transfer this proceeding to the Office of Administrative Law so as to render a final decision as expeditiously as possible.

36. South Jersey respectfully proposes the following Procedural Schedule for the conduct of this proceeding:

|                        |                                                               |
|------------------------|---------------------------------------------------------------|
| November 25, 2025      | Petition filed (6 Months Actuals/6 Months <i>Pro Forma</i> )  |
| December 29, 2025      | Discovery served by Rate Counsel/Staff                        |
| January 12, 2026       | Company responses to discovery due on or before               |
| January 20, 2026       | Discovery Conference                                          |
| February 4, 2026       | Public Hearings                                               |
| February 9, 2026       | All second-round discovery served on or before                |
| February 16, 2026      | Petitioner issues 9+3 Update                                  |
| February 23, 2026      | All second-round discovery served on or before                |
| March 9, 2026          | Company responses to second-round discovery due on or before  |
| Week of March 16, 2026 | Discovery Conferences/Settlement Meetings                     |
| Week of March 23, 2026 | Discovery Conferences/Settlement Meetings                     |
| April 6, 2026          | Rate Counsel and Intervenor Direct Testimony due on or before |
| April 13, 2026         | Discovery due on Rate Counsel and Intervenor Direct Testimony |
| May 11, 2026           | Petitioner Rebuttal Testimony due                             |
| May 18, 2026           | Serve discovery on Rebuttal Testimony on or before            |
| May 15, 2026           | Petitioner issues 12-0 Update                                 |
| June 1, 2026           | Responses to discovery on Rebuttal Testimony due              |
| Week of June 8, 2026   | Additional Settlement Meetings                                |



Week of June 15, 2026      Evidentiary Hearings<sup>9</sup>

### **IX. MISCELLANEOUS**

37. South Jersey submits herewith, and incorporates as part hereof, all documents and exhibits required to accompany this Petition pursuant to N.J.A.C. 14:1-5.7, 14:1-5.12, 14:1-4.1 and 14:1-5.1. An index of these documents is attached to this Petition as Schedule D. Likewise, attached hereto and incorporated herein by reference, are the Direct Testimony (Exhibits) and Schedules submitted on behalf of the following witnesses:

- a. Brent W. Schomber, President & COO, South Jersey, whose testimony presents an overview of the Company and the filing and the primary issues driving the Company's filing in this case (Exhibit P-2);
- b. Cindy Capozzoli, Director, Rates, SJIU, whose testimony supports the Company's revenue requirement and tariff in this proceeding (Exhibit P-3);
- c. The Engineering Panel, which consists of Brian Ritz, Senior Director, Field & Construction Operations, SJG, and Jonathan Olivo, Director, Engineering Services, SJG, whose testimony discusses capital expenditures made by the Company in the test year and post-test year periods (Exhibit P-4);
- d. John Houseman, Director, Accounting, SJI, whose testimony sponsors certain accounting and related information (Exhibit P-5);
- e. Ann E. Bulkley, Principal, of The Brattle Group, whose testimony discusses the cost of capital (Exhibit P-6);
- f. Timothy S. Lyons of Scott Madden, Inc., whose testimony supports the Company's cash working capital request using a lead lag study methodology (Exhibit P-7);
- g. Dane A. Watson of Alliance Consulting Group whose testimony presents the Company's depreciation proposals (Exhibit P- 8);
- h. Daniel P. Yardley, Principal, Yardley & Associates, whose testimony includes a cost-of-service study and rate design based on the Company's revenue requirement (Exhibit P-9);

---

<sup>9</sup> Depending on the Administrative Law Judge's availability.

- i. Isaac Gabel-Frank, Co-CEO, Gabel Associates Inc. whose testimony discusses the Cost Benefit Analysis prepared for SJG's Automated Metering Technology ("AMT") project (Exhibit P-10).

38. South Jersey has included as part of this filing certain confidential information that should be protected from public disclosure. This confidential information includes:

- a. The Company's balance sheets and income statements for 2023 and 2024 included in Schedules JLH-1 and JLH-2, respectively, to the Direct Testimony of John Houseman. Following the close of the Merger approved by the Board's 2023 Merger Order, the Company is now a privately held entity and the 2023 and 2024 financial data included in these schedules constitutes proprietary financial information that is not publicly available.
- b. A CTA calculation determined in accordance with N.J.A.C 14:1-5.12(a)(11), attached to this Petition as Exhibit P-1, Schedule E.

39. Preliminary public copies of Exhibit P-1, Schedule E and Schedules JLH-1 and JLH-2 are included with this filing, with confidential information redacted. Concurrent with this filing, in accordance with the Open Public Records Act ("OPRA"), N.J.S.A. 47:1A-1, et seq. and the Board's implementing regulations, N.J.A.C. 14:1-12.1 et seq., South Jersey is submitting confidential versions of these schedules to the Board's Records Custodian designated to oversee the public's access to government records along with the materials required under the Board's regulations to substantiate the confidentiality of the information contained therein. After the execution of an Agreement of Non-Disclosure, a proposed version of which is included with this filing as Exhibit P-1, Schedule C, the confidential information will be provided to the parties.

40. Communications and correspondence concerning this Petition should be sent as follows:

Dominick DiRocco  
VP, Rates & Regulatory Affairs  
SJI Utilities, Inc.  
1 South Jersey Place  
Atlantic City, NJ 08401  
[ddirocco@sjindustries.com](mailto:ddirocco@sjindustries.com)

Sheree Kelly  
Regulatory Affairs Counsel  
SJI Utilities, Inc.  
520 Green Lane  
Union, New Jersey 07083  
[skelly@sjindustries.com](mailto:skelly@sjindustries.com)

Cindy Capozzoli  
Senior Director, Rates  
SJI Utilities, Inc.  
1 South Jersey Place  
Atlantic City, NJ 08401  
[ccapozzoli@sjindustries.com](mailto:ccapozzoli@sjindustries.com)

Kenneth T. Maloney  
Cullen and Dykman LLP  
1101 14<sup>th</sup> Street, NW  
Suite 750  
Washington, DC 20005  
[kmaloney@cullenllp.com](mailto:kmaloney@cullenllp.com)

Terrence Regan  
Cullen and Dykman LLP  
One Battery Park Plaza, 34<sup>th</sup> Floor  
New York, NY 10004  
[tregan@cullenllp.com](mailto:tregan@cullenllp.com)

41. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibits and schedules annexed hereto on the Director, Division of Rate Counsel via electronic mail in lieu of providing hard copies. In accordance with the BPU's March 19, 2020 and June 10, 2020 Orders issued in BPU Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, as needed.

42. Similarly, Petitioner is also serving this notice and a copy of this Petition on the Department of Law and Public Safety via electronic mail in lieu of providing hard copies, but hard copies can be provided at a later time, as needed.

43. Notice of this filing and the effect thereof will be served by mail upon the clerks of the respective municipalities and counties within Petitioner's service area at least twenty (20) days prior to the date set for the initial public hearing, which notice shall include and specify the time and place of said hearing. A list of said municipalities and counties is contained in Schedule CLC-

35 of Ms. Capozzoli's Direct Testimony. A copy of the form of notice is included herewith as Schedule B.

44. Customers will be notified of this filing and the effect thereof as well as the time and place of the initial hearing, by publication, at least twenty (20) days prior to the date set for the initial public hearing, in newspapers of general circulation within the Petitioner's service territory. A copy of the form of notice is included herewith as Schedule A.

45. The reasons for the proposed rate increase and other relief requested by Petitioner in this Petition are as follows:

a. To be afforded a reasonable opportunity to earn its requested return on investments made in facilities required to provide safe, adequate and proper service to existing and new customers of the Petitioner, which have been put into service since the end of the post-test year utilized in the Company's last base rate case. These investments are not currently included in rate base and Petitioner currently bears carrying charges and depreciation expense associated with these facilities.

b. To recover increased costs, not previously recovered in rates.

c. To permit South Jersey to earn an adequate rate of return on its current net investment in used and useful utility property.

d. To establish rates that are sufficient to enable South Jersey, under efficient and economical operation, to maintain and support its financial integrity as may be necessary at a reasonable cost for the proper discharge of its public duties.

e. To offset such increases as may occur in operating expenses and to maintain adequate levels of cash flow.

f. To enable Petitioner to continue to furnish safe, adequate and proper service, to maintain existing facilities, and to provide such additional facilities as may be necessary to discharge its public duties.

45. Petitioner respectfully submits that the rates, tariff modifications and other relief requested by it are in all respects just and reasonable.

**X. CONCLUSION**

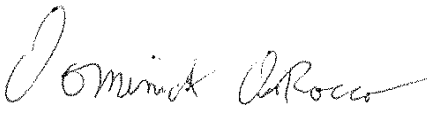
WHEREFORE, Petitioner respectfully requests the Board find and determine as follows:

a. that the proposed rates, including the proposed depreciation rates, and tariff revisions sought herein are just and reasonable and should be made effective December 26, 2025; and

b. that Petitioner have such other and further relief as the Board may deem just, reasonable and proper under the circumstances presented to it in this case.

Respectfully submitted,

SOUTH JERSEY GAS COMPANY

By: 

Dominick DiRocco  
VP, Rates & Regulatory Affairs  
SJI Utilities, Inc.

Dated: November 25, 2025

## NOTICE TO SOUTH JERSEY GAS COMPANY CUSTOMERS

### IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF INCREASED BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER TARIFF REVISIONS

OAL Docket No. PUC \_\_\_\_\_

BPU Docket No. GR \_\_\_\_\_

**PLEASE TAKE NOTICE** that on November 25, 2025, South Jersey Gas Company (“South Jersey” or “Company”) filed a petition with the Board of Public Utilities (“Board” or “BPU”) requesting an increase in the Company’s base rate charges for natural gas service (“Petition”). South Jersey’s Petition states that the requested rate increase is necessary to support the Company’s ability to continue to operate and maintain its natural gas distribution system in a safe, adequate and proper manner. The Company is also proposing to modify its existing depreciation rates and proposed that the requested changes in its depreciation rates be approved for implementation simultaneously with the effective date of the proposed new natural gas rates. The Company is also requesting authorization to defer certain costs that are not reflected in the Company’s base rate case request for recovery in future proceedings.

South Jersey is proposing that these changes become effective December 26, 2025 or such other later date as the Board may determine. The base rates proposed in the Petition would increase annual revenues by approximately \$74.7 million or 9.6%. The impact of this request on the average residential heating customer using 100 therms per month is a \$17.52 increase in the customer’s monthly bill, or approximately 9.4% as compared to rates in effect on November 1, 2025. According to the Company, the proposed increase is predominantly the result of capital expenditures made or to be made related to system improvements and reliability since its last base rate case.

The effect of the proposed rate increase on total proposed rate changes on the typical residential, general service small and general service large monthly bill for natural gas service is estimated as shown in the table below. The estimated bills shown below are based upon current South Jersey delivery rates and the applicable Basic Gas Supply Service charges and assume that customers receive commodity service from South Jersey. Any assistance required by customers in understanding their bills will be furnished by the Company upon request.

| Customer Type                  | Therm Level (Usage) | Total Bill           |                                          | Bill Impact | % Impact |
|--------------------------------|---------------------|----------------------|------------------------------------------|-------------|----------|
|                                |                     | Current Monthly Bill | Monthly Bill with Proposed Rate Increase |             |          |
| Residential Heat               | 100                 | \$187.18             | \$204.70                                 | \$17.52     | 9.4%     |
| Residential Non-Heat           | 15                  | \$35.33              | \$40.81                                  | \$5.48      | 15.5%    |
| General Service                | 500                 | \$803.06             | \$874.34                                 | \$71.28     | 8.9%     |
| General Service – Large Volume | 15,646              | \$21,785.49          | \$23,229.04                              | \$1,443.55  | 6.6%     |

Pursuant to N.J.S.A. 48:2.21, the Board may set these rates at levels it finds just and reasonable and establish the effective date of such rates. Therefore, the Board may establish these rates at levels and/or an effective date other than those proposed by South Jersey.

Copies of the Petition can be reviewed on the Company’s website, [www.southjerseygas.com](http://www.southjerseygas.com) under Regulatory Information. The Petition is also available to review online through the Board’s website, <https://publicaccess.bpu.state.nj.us> where you can search by the above-captioned docket number. The Petition and case file may also be reviewed at the Board located at 44 South Clinton Avenue, 1st Floor, Trenton, NJ, with an appointment. To make an appointment, please call (609) 913-6298.

A copy of this Notice is being served upon the clerk, executive or administrator of each municipality and county within the Company’s service territory.

**PLEASE TAKE FURTHER NOTICE** that virtual public hearings will be conducted on the following date and times so that members of the public may present their views on the Petition:

|                        |
|------------------------|
| <b>Date:</b>           |
| <b>Times:</b>          |
| <b>Location:</b>       |
| <b>Dial-in Number:</b> |
| <b>Meeting ID:</b>     |
| <b>Passcode:</b>       |
|                        |

Representatives of the Company, the Board's Staff and the New Jersey Division of Rate Counsel will participate in the virtual public hearings.

Members of the public are invited to participate by utilizing the Meeting ID or the Dial-In Number set forth above and may express their views on this Petition. All comments will be made part of the final record of the proceeding to be considered by the Board. To encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters, or listening assistance, 48 hours prior to the above hearing to the Board Secretary at [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov).

The Board is also accepting written and electronic comments. Comments may be submitted directly to the specific docket listed above using the "Post Comments" button on the Board's Public Document Search tool at <https://publicaccess.bpu.state.nj.us/>. Comments are considered public documents for purposes of the State's Open Public Records Act. Only public documents should be submitted using the "Post Comments" button on the Board's Public Document Search tool. Any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. In addition to hard copy submissions, confidential information may also be filed electronically via the Board's e-filing system or by email to the Secretary of the Board. Please include "Confidential Information" in the subject line of any email. Instructions for confidential e-filing are found on the Board's webpage at <https://www.nj.gov/bpu/agenda/efiling/>.

Emailed and/or written comments may also be submitted to:

Sherri L. Lewis  
Secretary of the Board  
44 South Clinton Ave.  
PO Box 350  
Trenton, NJ 08625-0350  
Phone: 609-913-6241  
Email: [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

South Jersey Gas Company  
Brent Schomber –  
President and Chief Operating Officer

(add date)

To: County Clerk, Municipal Clerk and County Administrator

IN THE MATTER OF THE PETITION OF :  
SOUTH JERSEY GAS COMPANY FOR : BPU DOCKET NO. \_\_\_\_\_  
APPROVAL OF INCREASED BASE TARIFF :  
RATES AND CHARGES FOR GAS SERVICE, :  
CHANGES TO DEPRECIATION RATES AND :  
OTHER TARIFF REVISIONS :

Pursuant to law, South Jersey Gas Company (“South Jersey” or the “Company”) is providing you with notice of a filing made on November 25, 2025 with the New Jersey Board of Public Utilities for an increase in base rates, changes in the Board approved depreciation rates and changes to the South Jersey tariff. You may download the filing from the Company’s website at [www.southjerseygas.com/rates-and-tariff](http://www.southjerseygas.com/rates-and-tariff) under regulatory information.

A public hearing related to this request has been scheduled for **(add date)** and South Jersey hereby serves upon you the notice of that hearing related to the above referenced matter. As noted on the attached copy of the public notice, the subject hearings are scheduled for **(add date)** in **(add location)**, New Jersey and for **(add date)** in **(add location)**, New Jersey.

Respectfully,

Dominick DiRocco  
VP, Rates & Regulatory Affairs

Enclosure



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

**IN THE MATTER OF THE PETITION OF :  
SOUTH JERSEY GAS COMPANY FOR : AGREEMENT OF NON-DISCLOSURE  
APPROVAL OF INCREASED BASE :  
TARIFF RATES AND CHARGES FOR : BPU DOCKET NO. GR \_\_\_\_\_  
GAS SERVICE, CHANGES TO :  
DEPRECIATION RATES AND OTHER  
TARIFF REVISIONS**

It is hereby AGREED, as of the date(s) so indicated below, by and among South Jersey Gas Company (“South Jersey” or “Petitioner”), the Staff of the New Jersey Board of Public Utilities (“Board Staff”) and the Division of Rate Counsel (“Rate Counsel”) (collectively, the “Parties”), who have agreed to execute this Agreement of Non-Disclosure of Information Claimed to be Confidential (“Agreement”) and to be bound thereby, that:

WHEREAS, in connection with the above-captioned proceeding before the Board of Public Utilities (the “Board”), Petitioner and/or another party (“Producing Party”) may be requested or required to provide petitions, pre-filed testimony, other documents, analyses and/or other data or information regarding the subject matter of this proceeding that the Producing Party may claim constitutes or contains confidential, proprietary or trade secret information, or which otherwise may be claimed by the Producing Party to be of a market-sensitive, competitive, confidential or proprietary nature (hereinafter sometimes referred to as “Confidential Information” or “Information Claimed to be Confidential”); and

WHEREAS, the Parties wish to enter into this Agreement to facilitate the exchange of information while recognizing that under Board regulations at N.J.A.C. 14:1-12.1 et seq., a request for confidential treatment shall be submitted to the Custodian who is to rule on requests made pursuant to the Open Public Records Act (“OPRA”), N.J.S.A. 47:1A-1 et seq., unless such

information is to be kept confidential pursuant to court or administrative order (including, but not limited to, an Order by an Administrative Law Judge sealing the record or a portion thereof pursuant to N.J.A.C. 1:1-14.1, and the parties acknowledge that an Order by an Administrative Law Judge to seal the record is subject to modification by the Board), and also recognizing that a request may be made to designate any such purportedly confidential information as public through the course of this administrative proceeding; and

WHEREAS, the Parties acknowledge that unfiled discovery materials are not subject to public access under OPRA, N.J.S.A. 47:1A-1 et seq.; and

WHEREAS, the Parties acknowledge that, despite each Party's best efforts to conduct a thorough pre-production review of all documents and electronically stored information ("ESI"), some work product material and/or privileged material ("Protected Material") may be inadvertently disclosed to another Party during the course of this proceeding; and

WHEREAS, the undersigned Parties desire to establish a mechanism to avoid waiver of privilege or any other applicable protective evidentiary doctrine as a result of the inadvertent disclosure of Protected Material;

NOW, THEREFORE, the Parties hereto, intending to be legally bound thereby, DO HEREBY AGREE as follows:

1. The inadvertent disclosure of any document or ESI which is subject to a legitimate claim that the document or ESI should have been withheld from disclosure as Protected Material shall not waive any privilege or other applicable protective doctrine for that document or ESI or for the subject matter of the inadvertently disclosed document or ESI if the Producing Party, upon becoming aware of the disclosure, promptly requests its return and takes reasonable precautions to avoid such inadvertent disclosure.

2. Except in the event that the receiving party or parties disputes the claim, any documents or ESI which the Producing Party deems to contain inadvertently disclosed Protected Material shall be, upon written request, promptly returned to the Producing Party or destroyed at the Producing Party's option. This includes all copies, electronic or otherwise, of any such documents or ESI. In the event that the Producing Party requests destruction, the receiving party shall provide written confirmation of compliance within thirty (30) days of such written request. In the event that the receiving party disputes the Producing Party's claim as to the protected nature of the inadvertently disclosed material, a single set of copies may be sequestered and retained by and under the control of the receiving party until such time as the Producing Party has received final determination of the issue by the Board of Public Utilities or an Administrative Law Judge, provided that the Board has not modified or rejected an order by the Administrative Law Judge.

3. Any such Protected Material inadvertently disclosed by the Producing Party to the receiving party pursuant to this Agreement shall be and remain the property of the Producing Party.

4. Any Information Claimed to be Confidential that the Producing Party produces to any of the other Parties in connection with the above-captioned proceeding and pursuant to the terms of this Agreement shall be specifically identified and marked by the Producing Party as Confidential Information when provided hereunder. If only portions of a document are claimed to be confidential, the producing party shall specifically identify which portions of that document are claimed to be confidential. Additionally, any such Information Claimed to be Confidential shall be provided in the form and manner prescribed by the Board's regulations at N.J.A.C. 14:1-12.1 et seq., unless such information is to be kept confidential

pursuant to court or administrative order. However, nothing in this Agreement shall require the Producing Party to file a request with the Board's Custodian of Records for a confidentiality determination under N.J.A.C. 14:1-12.1 et seq. with respect to any Information Claimed to be Confidential that is provided in discovery and not filed with the Board.

5. With respect to documents identified and marked as Confidential Information, if the Producing Party's intention is that not all of the information contained therein should be given protected status, the Producing Party shall indicate which portions of such documents contain the Confidential Information in accordance with the Board's regulations at N.J.A.C. 14:1-12.2 and 12.3. Additionally, the Producing Party shall provide to all signatories of this Agreement full and complete copies of both the proposed public version and the proposed confidential version of any information for which confidential status is sought.

6. With respect to all Information Claimed to be Confidential, it is further agreed that:

(a) Access to the documents designated as Confidential Information, and to the information contained therein, shall be limited to the Party signatories to this Agreement as represented by a single authorized signatory for each Party and their identified attorneys, employees, and consultants whose examination of the Information Claimed to be Confidential is required for the conduct of this particular proceeding.

(b) Recipients of Confidential Information shall not disclose the contents of the documents produced pursuant to this Agreement to any person(s) other than their identified employees and any identified experts and consultants whom they may retain in connection with this proceeding, irrespective of whether any such expert is retained specially and is not expected to testify or is called to testify in this proceeding. All consultants or experts of any

Party to this Agreement who are to receive copies of documents produced pursuant to this Agreement shall have previously executed a copy of the Acknowledgement of Agreement, as represented by a single authorized signatory for each organization of consultants or experts, attached hereto as "Attachment 1," which executed Acknowledgement of Agreement shall be forthwith provided to counsel for the Producing Party, with copies to counsel for Board Staff and Rate Counsel.

(c) No other disclosure of Information Claimed to be Confidential shall be made to any person or entity except with the express written consent of the Producing Party or their counsel, or upon further determination by the Custodian, or order of the Board, the Government Records Council or of any court of competent jurisdiction that may review these matters.

7. The undersigned Parties have executed this Agreement for the exchange of Information Claimed to be Confidential only to the extent that it does not contradict or in any way restrict any applicable Agency Custodian, the Government Records Council, an Administrative Law Judge of the State of New Jersey, the Board, or any court of competent jurisdiction from conducting appropriate analysis and making a determination as to the confidential nature of said information, where a request is made pursuant to OPRA, N.J.S.A. 47:1A-1 et seq. Absent a determination by any applicable Custodian, Government Records Council, an Administrative Law Judge, the Board, or any court of competent jurisdiction that a document(s) is to be made public, the treatment of the documents exchanged during the course of this proceeding and any subsequent appeals is to be governed by the terms of this Agreement.

8. In the absence of a decision by the Custodian, Government Records Council, an Administrative Law Judge, or any court of competent jurisdiction, the acceptance by

the undersigned Parties of information which the Producing Party has identified and marked as Confidential Information shall not serve to create a presumption that the material is in fact entitled to any special status in these or any other proceedings. Likewise, the affidavit(s) submitted pursuant to N.J.A.C. 14:1-12.8 shall not alone be presumed to constitute adequate proof that the Producing Party is entitled to a protective order for any of the information provided hereunder.

9. In the event that any Party seeks to use the Information Claimed to be Confidential in the course of any hearings or as part of the record of this proceeding, the Parties shall seek a determination by the trier of fact as to whether the portion of the record containing the Information Claimed to be Confidential should be placed under seal. Furthermore, if any Party wishes to challenge the Producing Party's designation of the material as Confidential Information, such Party shall provide reasonable notice to all other Parties of such challenge and the Producing Party may make a motion seeking a protective order. In the event of such challenge to the designation of material as Confidential Information, the Producing Party, as the provider of the Information Claimed to be Confidential, shall have the burden of proving that the material is entitled to protected status. However, all Parties shall continue to treat the material as Confidential Information in accordance with the terms of this Agreement, pending resolution of the dispute as to its status by the trier of fact.

10. Confidential Information that is placed on the record of this proceeding under seal pursuant to a protective order issued by the Board, an Administrative Law Judge, provided that the Board has not modified or rejected an order by the Administrative Law Judge, or any court of competent jurisdiction shall remain with the Board under seal after the conclusion of this proceeding. If such Confidential Information is provided to appellate courts for the

purposes of an appeal(s) from this proceeding, such information shall be provided, and shall continue to remain, under seal.

11. This Agreement shall not:

(a) Operate as an admission for any purpose that any documents or information produced pursuant to this Agreement are admissible or inadmissible in any proceeding.

(b) Prejudice in any way the right of the Parties, at any time, on notice given in accordance with the rules of the Board, to seek appropriate relief in the exercise of discretion by the Board for violations of any provision of this Agreement.

12. Within forty-five (45) days of the final Board Order resolving the above-referenced proceeding, all documents, materials, and other information designated as “Confidential Information,” regardless of format, shall be destroyed or returned to counsel for the Producing Party. In the event that such Board Order is appealed, the documents and materials designated as “Confidential Information” shall be returned to counsel for the Producing Party or destroyed within forty-five (45) days of the conclusion of the appeal.

Notwithstanding the above return requirement, Board Staff and Rate Counsel may maintain in their files copies of all pleadings, briefs, transcripts, discovery and other documents, materials and information designated as “Confidential Information,” regardless of format, exchanged or otherwise produced during these proceedings, provided that all such information and/or materials that contain Information Claimed to be Confidential shall remain subject to the terms of this Agreement. The Producing Party may request consultants who received Confidential Information who have not returned such material to counsel for the Producing Party as required

above to certify in writing to counsel for the Producing Party that the terms of this Agreement have been met upon resolution of the proceeding.

13. The execution of this Agreement shall not prejudice the rights of any Party to seek relief from discovery under any applicable law providing relief from discovery.

14. The Parties agree that one original of this Agreement shall be created for each of the signatory parties for the convenience of all. The signature pages of each original shall be executed by the recipient and transmitted to counsel of record for the Petitioner, who shall send a copy of the fully executed document to all counsel of record. The multiple signature pages shall be regarded as, and given the same effect as, a single page executed by all Parties.

IN WITNESS THEREOF, the undersigned Parties do HEREBY AGREE to the form and execution of this Agreement.

**SOUTH JERSEY GAS COMPANY**

By: \_\_\_\_\_  
Dominick DiRocco  
VP, Rates & Regulatory Affairs

Date: \_\_\_\_\_

**MATTHEW J. PLATKIN**  
**ATTORNEY GENERAL OF**  
**THE STATE OF NEW JERSEY**  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

**BRIAN O. LIPMAN, ESQ.**  
**DIRECTOR**  
**NEW JERSEY**  
**DIVISION OF RATE COUNSEL**

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



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

**IN THE MATTER OF THE PETITION OF :  
SOUTH JERSEY GAS COMPANY FOR : AGREEMENT OF NON-DISCLOSURE  
APPROVAL OF INCREASED BASE :  
TARIFF RATES AND CHARGES FOR : BPU DOCKET NO. GR \_\_\_\_\_  
GAS SERVICE, CHANGES TO :  
DEPRECIATION RATES AND OTHER :  
TARIFF REVISIONS**

**ACKNOWLEDGEMENT OF AGREEMENT**

The undersigned is an attorney, employee, consultant and/or expert witness for Board Staff, Rate Counsel or an intervenor who has received, or is expected to receive, Confidential Information provided by South Jersey Gas Company or by a Producing Party which has been identified and marked by the Producing Party as Confidential Information. The undersigned acknowledges receipt of the Agreement of Non-Disclosure of Information Claimed to be Confidential and agrees to be bound by the terms of the Agreement.

Dated:

By: \_\_\_\_\_  
(Name, Title, Affiliation)

**Index of Minimum Filing Requirements Pursuant to BPU Regulations**

| <b>Requirement</b>                                                                                                                                                                                                                                                        | <b>Location in Filing</b>         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b><i>N.J.A.C. 14:1-5.7</i></b>                                                                                                                                                                                                                                           |                                   |
| The existing and proposed rates of depreciation.<br><i>N.J.A.C. 14:1-5.7(a)(1)</i>                                                                                                                                                                                        | Schedule DAW-2                    |
| The existing and proposed methods of calculating or determining the rates of depreciation.<br><i>N.J.A.C. 14:1-5.7(a)(2)</i>                                                                                                                                              | Schedule DAW-2                    |
| The calculations or studies supporting the proposed change in depreciation rates.<br><i>N.J.A.C. 14:1-5.7(a)(3)</i>                                                                                                                                                       | Schedule DAW-2                    |
| The effect of the proposed changes on operating revenue deductions and operating income.<br><i>N.J.A.C. 14:1-5.7(a)(4)</i>                                                                                                                                                | Schedules CLC-2, CLC-3, and JLH-5 |
| A statement as to the date when it is proposed to make the changes in depreciation rates effective, which date shall not be earlier than 90 days after the filing of a petition under this rule.<br><i>N.J.A.C. 14:1-5.7(a)(5)</i>                                        | Petition, ¶ 24                    |
| <b><i>N.J.A.C. 14:1-5.11</i></b>                                                                                                                                                                                                                                          |                                   |
| Four copies of the proposed tariff or revision, change or alteration thereof, together with an explanation of the manner in which the tariff or change differs from the existing or prior tariff, and the effect, if any, upon revenue<br><i>N.J.A.C. 14:1-5.11(a)(1)</i> | Schedules CLC-35 and CLC-36       |
| A statement of the reasons why the tariff or change is proposed to be filed.<br><i>N.J.A.C. 14:1-5.11(a)(2)</i>                                                                                                                                                           | Petition, § III                   |
| A statement of notices given, if any, together with a copy of the text of each said notices.<br><i>N.J.A.C. 14:1-5.11(a)(3)</i>                                                                                                                                           | Petition, Schedules A and B       |

| Requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Location in Filing                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| <p>A statement as to the date on which it is proposed to make the tariff or change effective, which date shall not be earlier than 30 days after the filing unless otherwise permitted by the Board.</p> <p><i>N.J.A.C. 14:1-5.11(a)(4)</i></p>                                                                                                                                                                                                                                                                                                 | <p>Petition, ¶ 4</p>                                   |
| <b><i>N.J.A.C. 14:1-5.12</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                        |
| <p>A comparative balance sheet for the most recent three-year period (calendar year or fiscal year).</p> <p><i>N.J.A.C. 14:1-5.12(a)(1)</i></p>                                                                                                                                                                                                                                                                                                                                                                                                 | <p>Schedule JLH-1 (Confidential – 2023 &amp; 2024)</p> |
| <p>A comparative income statement for the most recent three-year period (calendar year or fiscal year).</p> <p><i>N.J.A.C. 14:1-5.12(a)(2)</i></p>                                                                                                                                                                                                                                                                                                                                                                                              | <p>Schedule JLH-2 (Confidential – 2023 &amp; 2024)</p> |
| <p>A balance sheet at the most recent date available</p> <p><i>N.J.A.C. 14:1-5.12(a)(3)</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>Schedule JLH-1 (Confidential)</p>                   |
| <p>A statement of the amount of revenue derived in the calendar year last preceding the institution of the proceedings from the intrastate sales of the product supplied, or intrastate service rendered, the rates, tolls, fares or charges for which are the subject matter of the filing.</p> <p><i>N.J.A.C. 14:1-5.12(a)(4)</i></p>                                                                                                                                                                                                         | <p>Schedule JLH-3</p>                                  |
| <p>A <i>pro forma</i> income statement reflecting operating income at present and proposed rates and an explanation of all adjustments thereon, as well as a calculation showing the indicated rate of return on the average net investment for the same period as that covered by the pro forma income statement, that is, investment in plant facilities plus supplies and working capital to the extent claimed, less the reserve for depreciation and advances and contributions for facilities.</p> <p><i>N.J.A.C. 14:1-5.12(a)(5)</i></p> | <p>Schedules CLC-3 and CLC-4</p>                       |
| <p>An itemized schedule showing all payments or accruals to affiliated companies or organizations and to those who own in excess of five percent of the utility's capital stock regardless of the form or manner in which such charges are paid or accrued and an explanation of the service performed for such charges.</p> <p><i>N.J.A.C. 14:1-5.12(a)(8)</i></p>                                                                                                                                                                             | <p>Schedule JLH-4</p>                                  |

| Requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Location in Filing                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| A copy of the form of notice to customers.<br><i>N.J.A.C. 14:1-5.12(a)(9)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Petition, Schedules A and B            |
| <p>If a company is part of a family of companies that files a consolidated Federal income tax return, that company shall include in its petition a consolidated tax adjustment (CTA) calculation using the rate base method, which allows the parent company to keep certain tax savings, while requiring the petitioner to reflect the savings by reducing the rate base upon which the utility's return is determined. The CTA calculation must include all supporting information and documents necessary for the Board to determine and implement an appropriate CTA calculation pursuant to this section. A CTA provides a mechanism that the Board will utilize in rate cases, so that ratepayers should share a specified portion of the tax savings achieved from the filing of a consolidated tax return. Required information and supporting documents include, but are not limited to, a schedule showing each affiliate company's taxable income/loss by year, an indication whether the affiliate is a regulated utility company or not, the statutory Federal income tax requirement for each year, if any, and the alternative minimum tax requirement for each year, if any. The review period for the CTA calculation shall be for five consecutive tax years, including the complete tax year within the utility's proposed test year. The calculated CTA shall be allocated, so that the rate base shall be reduced by 100 percent of the full CTA. The transmission portion of an electric distribution company's income shall not be included in the calculation of CTA.</p> <i>N.J.A.C. 14:1-5.12(a)(10)</i> | Petition, Schedule E<br>(Confidential) |



**PRELIMINARY PUBLIC COPY**

**Exhibit P-1**  
**Schedule E**

**South Jersey Gas Company  
Consolidated Tax Calculation  
Pusuant to N.J.A.C. 14:1 - 5.12 (a)(10)**

[illegible]

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION RATES AND  
OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**Brent W. Schomber  
President & COO**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-2**

**November 25, 2025**

## TABLE OF CONTENTS

|             |                          |           |
|-------------|--------------------------|-----------|
| <b>I.</b>   | <b>INTRODUCTION.....</b> | <b>1</b>  |
| <b>II.</b>  | <b>DISCUSSION .....</b>  | <b>4</b>  |
| <b>III.</b> | <b>CONCLUSION .....</b>  | <b>19</b> |

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
BRENT W. SCHOMBER**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A.** My name is Brent W. Schomber. My business address is One South Jersey Place, Atlantic City, NJ 08401.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

**A.** I am the President and Chief Operations Officer (“COO”) of South Jersey Gas Company (“SJG” or the “Company”).

**Q. PLEASE DESCRIBE YOUR PROFESSIONAL RESPONSIBILITIES.**

**A.** As President & COO, I am responsible for providing leadership and direction for all operational activities of SJG. I am also responsible for its day-to-day operations including promoting and ensuring safety, reliability, compliance, operational excellence, and financial integrity.

**Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND INDUSTRY-RELATED EXPERIENCE.**

**A.** I am a 1998 graduate of Rowan University with a Bachelor of Science degree in Criminal Justice. I began my career in 1998 with Utility Line Services, a subcontractor for SJG, where I worked in the field until 2001 and then in management from 2001 to 2007. I was then employed by SJG in 2007 and have held various management positions of increasing responsibility as follows: SJG Construction Supervisor from 2007 to 2009, SJG Manager from 2009 to 2012, SJG General Manager of Construction from 2012 to 2015, SJG Director of Construction from 2015 to 2017 and SJG Senior Director of Construction from 2017 to

1 2018. In November 2018, I became Vice President of South Jersey Utilities, Inc. (“SJIU”),  
2 Construction and Shared Services and was then promoted to the position of Vice President,  
3 Operations, for SJG in December 2019. In 2021, I was promoted to President and COO of  
4 SJG.

5 I am a member of the American Gas Association (“AGA”) and currently serve on  
6 the Construction Operations Committee. I am also a member of the Northeast Gas  
7 Association and currently serve on the Operations Committee.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED OR SUBMITTED TESTIMONY**  
9 **BEFORE THE NEW JERSEY BOARD OF PUBLIC UTILITIES (“BOARD” OR**  
10 **“BPU”) OR OTHER REGULATORY COMMISSION?**

11 **A.** Yes. I previously submitted testimony in the Company’s past two rate cases in BPU  
12 Docket No. GR20030243<sup>1</sup> and BPU Docket No. GR22040253<sup>2</sup> as well as in the  
13 Company’s Infrastructure Investment Program (“SJG IIP”) proceeding in BPU Docket No.  
14 GR20110726.<sup>3</sup>

---

<sup>1</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions*, BPU Docket No. GR20030243, Order dated September 23, 2022.

<sup>2</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions*, BPU Docket No. GR22040253, Order dated December 21, 2022 (“2022 Base Rate Case”).

<sup>3</sup> *In the Matter of the Petition of South Jersey Gas Company to Implement an Infrastructure Investment Program (“IIP”) and Associated Recovery Mechanism Pursuant to N.J.S.A 48:2-21 and N.J.A.C 14:3-2A*, BPU Docket No. GR20110726, Order dated June 8, 2022.

1 **II. PURPOSE OF TESTIMONY**

2 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

3 **A.** The purpose of my direct testimony in this proceeding is to provide an overview of SJG's  
 4 filing with the Board seeking approval to increase the Company's base rates, modify its  
 5 existing depreciation rates and implement other tariff changes. Specifically, I will

6 (i) provide a general summary of the Company's base rate filing and explain why  
 7 SJG is seeking to increase base rates at this time;

8 (ii) describe the corporate structure and mission of SJG and its direct parent, SJIU,  
 9 and SJIU's direct parent, South Jersey Industries, Inc. ("SJI") which is owned  
 10 by IIF US Holding 2, LP ("IIF"), a private equity fund<sup>4</sup>;

11 (iii) explain SJI's philosophy for managing utility operations to ensure that SJG  
 12 provides safe, reliable and proper natural gas service at just, reasonable and  
 13 affordable rates;

14 (iv) discuss SJG's operational focus, its commitment to safety, the Company's  
 15 recent safety performance and related safety initiatives and the indicators that  
 16 drive the Company's excellent customer service performance;

17 (v) discuss actions taken by SJG to promote New Jersey's clean energy future set  
 18 forth in the New Jersey Clean Energy Act of 2018 ("CEA") and the Energy  
 19 Master Plan ("EMP"), including SJG's commitment to energy efficiency,  
 20 sustainable energy sources, and emissions reductions;

---

<sup>4</sup> The acquisition of SJI by IIF (the "Merger") was approved in the Board's January 25, 2023 Order in BPU Docket No. GM22040270, *In the Matter of the Merger of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc.* ("2023 Merger Order"). Upon such acquisition, SJI became a privately held company.

- 1 (vi) discuss the ongoing demand for natural gas in SJG's service territory and the  
2 investments made by the Company to ensure we have continued access to  
3 reliable gas supply for our customers;
- 4 (vii) describe SJG's efforts to achieve efficiencies and ensure that its rates continue  
5 to be affordable and held to the lowest reasonable level;
- 6 (viii) describe SJG's commitment to the local communities it serves; and
- 7 (ix) introduce the other witnesses who are sponsoring testimony in this proceeding.

8 I will highlight the important issues in this case and explain how the rate relief  
9 sought in the Company's filing furthers the Company's ability to provide continued safe,  
10 reliable, affordable, and proper natural gas service while maximizing efficiencies and  
11 maintaining affordability to the benefit of its customers, the Board, and the State of New  
12 Jersey.

13

14 **II. DISCUSSION**

15 **Q. WHY IS SJG SEEKING TO INCREASE ITS BASE RATES AT THIS TIME?**

16 **A.** This filing is primarily driven by the significant capital investments that the Company has  
17 made and will continue to make since its last base rate case proceeding. Since the  
18 Company's 2022 Base Rate Case, excluding the SJG IIP investments, the Company has  
19 invested \$489.7 million of plant additions, net of retirements, as of September 30, 2025  
20 that are not currently reflected in rates. The Company projects that an additional \$167.5  
21 million of capital investments, net of retirements, will be added to its Utility Plant in  
22 Service balance by September 30, 2026, excluding any SJG IIP investments. These capital  
23 investments have been and will be made to enhance the safety, reliability, and resiliency of

1 SJG's transmission and distribution systems, support customer needs, and enhance  
2 customer service. Our continuing investments play a significant role in contributing to  
3 maintaining employment, job creation, and economic growth in New Jersey. The  
4 Company seeks to establish rates that will afford it a reasonable opportunity to earn a fair  
5 return on and return of the investments it makes to ensure it can continue to attract the  
6 necessary capital to support further investments needed to continue to provide safe and  
7 reliable service to its customers.

8 **Q. PLEASE BRIEFLY DESCRIBE SJG's FILING IN THIS PROCEEDING.**

9 **A.** SJG is seeking to increase its base delivery rates by approximately \$74.7 million annually  
10 or approximately 9.6 percent above adjusted post-test year revenues. This request is based  
11 on a proposed rate of return on invested capital of 7.96 percent, with a capital structure that  
12 includes a common equity component of 57.0 percent and a return on common equity of  
13 9.60 percent. The proposed base rate increase coupled with the changes the Company is  
14 proposing to depreciation rates will provide the Company with the opportunity to recover  
15 its reasonable cost of service and earn a fair return on and return of the capital invested in  
16 SJG's distribution system. SJG and its parent companies, SJI and SJIU, are fully  
17 committed to continued investment in SJG's utility operations in a manner and at a level  
18 that will allow the Company to continue to provide its customers with safe and reliable  
19 service. As discussed later in my testimony and in the testimony of Company witness  
20 Cindy Capozzoli, the Company has also carefully considered the impact of the proposed  
21 increase on customer bills and the need to maintain affordability for customers.



1 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE COMPANY, ITS MISSION,**  
2 **AND ITS CORPORATE STRUCTURE.**

3 **A.** The Company currently provides natural gas service to approximately 425,700 customers  
4 within its service territory of approximately 2,500 square miles, which includes all or  
5 portions of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem  
6 counties. The Company operates a network of 144.5 miles of transmission pipelines, 7,031  
7 miles of distribution mains, and 365,266 service lines that total 6,342 miles in length. Since  
8 2009, SJG has made significant progress in retiring and replacing its vintage and leak prone  
9 infrastructure, primarily bare steel and cast iron, under accelerated programs.

10 SJG is a wholly owned subsidiary of SJIU, which in turn is a wholly owned  
11 subsidiary of SJI, which in turn is owned by IIF. As set out in the 2023 Merger Order, IIF  
12 formed New Jersey Boardwalk Holdings, LLC (“Boardwalk”) as a wholly-owned, indirect  
13 subsidiary and special purpose entity to directly hold 100% of the common equity of SJI.  
14 Boardwalk has no operational functions other than those relating to holding interests in SJI.  
15 The 2023 Merger Order includes several commitments made by the Company, SJIU, and  
16 SJI as a condition of the Board’s approval of the transaction; Company witness Cindy  
17 Capozzoli addresses the Company’s compliance with the relevant terms of the 2023  
18 Merger Order

19 **Q. PLEASE DESCRIBE SJI’S PHILOSOPHY FOR MANAGING ITS UTILITY**  
20 **OPERATIONS, INCLUDING THOSE OF SJG.**

21 **A.** SJI is committed to providing its customers with superior, reliable utility service and  
22 maintaining affordability for all customers while contributing to New Jersey’s social and  
23 environmental requirements and objectives, including those established in the CEA and

1 EMP. In managing its utility businesses, SJI acts to ensure that its individual utilities are  
2 focused on three core values: (1) the consistent provision of safe and reliable service at just  
3 and reasonable rates; (2) robust investment in utility infrastructure that ensures safety,  
4 reliability and resiliency while facilitating the State's clean energy and energy efficiency  
5 goals; and (3) an overriding commitment to excellent customer service. By adhering to  
6 these core values, the Company has continued to offer award-winning customer service  
7 and fulfill its obligation to provide safe, reliable, and affordable natural gas service.

8 **Q. WHAT IS SJG'S OPERATIONAL FOCUS?**

9 **A.** The three core values I just mentioned guide SJG's operational focus. Consistent with this  
10 focus, SJG has historically undertaken a number of accelerated infrastructure replacement  
11 projects approved by the Board, including the Accelerated Infrastructure Replacement  
12 Program ("AIRP/AIRP II") and Storm Hardening and Reliability Program  
13 ("SHARP/SHARP II") investments, to ensure the continued safe and reliable operation of  
14 the Company's distribution system. These programs concluded in 2021. To continue these  
15 efforts to improve safety and reliability, SJG implemented the SJG IIP effective July 1,  
16 2022. The SJG IIP is a 5-year, \$200 million program to install 250 miles of main to replace  
17 leak prone facilities, including pre-code coated steel, and pre-1971 Adyl-A plastic  
18 facilities, and to install Excess Flow Valves, which enhance the safety of our distribution  
19 facilities, on new service lines. Through September 2025, the Company has replaced 161  
20 miles of main and 8,300 associated services under its SJG IIP.

1   **Q.     PLEASE DESCRIBE SOME OF THE SAFETY INITIATIVES UNDERTAKEN BY**  
2       **SJG DURING THE TEST YEAR.**

3   **A.**   Safety is ingrained in who SJG is as a company. It is a guiding principle behind everything  
4       we do. SJG expects its system to operate safely and reliably for its customers and for its  
5       employees to get home to their families safely every day. Beyond the infrastructure  
6       replacement projects, which are vital to ensuring the continued safety and reliability of our  
7       gas distribution system, the Company undertook important safety initiatives to further  
8       support the customers and employees. For example, the Company has continued to  
9       enhance its Virtual Reality Training Room, which was discussed in my testimony in SJG's  
10      2022 Base Rate Case, to improve the teaching and training of our field staff on a range of  
11      tasks that are routinely performed. Specifically, the Company has added a third-party  
12      damage module that includes training on the protection of life and property during an  
13      excavation damage scenario. The technician is graded on safety, communication,  
14      identifying hazards such as sources of ignition and eventually making the situation safe.  
15      At the conclusion of the module, the technician will have the opportunity to review the  
16      module with a member of the training team to identify where more training or instruction  
17      may be needed. Virtual Reality Training has had a positive impact in facilitating training  
18      for SJG's new hires, as well as in providing refresher training for the Company's veteran  
19      employees. To further enhance its training efforts, the Company is also implementing  
20      "Safety Town," an interactive training facility that provides hands-on training in scenarios  
21      for our technicians to enhance their skills while working in real life situations.  
22      Construction of Safety Town is anticipated to begin in the Spring of 2026.

1   **Q.   WHAT ARE THE COMPANY’S OTHER RECENT SAFETY-RELATED**  
2       **ACCOMPLISHMENTS?**

3   **A.**   In 2024, SJG achieved an Occupational Safety and Health Administration (“OSHA”)   
4       Recordable and Days Away, Restricted or Transferred (“DART”) Rate below 1.00. This   
5       represented the Company’s strongest safety performance on record and resulted in the   
6       Company being recognized by the AGA as an Industry Leader in Accident Prevention for   
7       a sixth straight year. The Company has further strengthened its safety culture through   
8       additional training for both employees and communities. For example, in 2024, the   
9       Emergency Preparedness Department provided *Natural Gas for Emergency*   
10      *Responders* training to eleven (11) fire departments throughout the Company’s service   
11      territory. In 2025 to date, sixteen (16) training sessions have been completed. These   
12      training sessions cover a variety of topics related to Natural Gas Safety Basics,   
13      Investigation Methods, Indoor/Outdoor leaks, First Responder Safety, Fire Department   
14      Do’s and Don’ts, Unified Command: Working Together, Natural Gas Fires, and Evidence   
15      Preservation. These sessions also serve as an important opportunity for Company   
16      personnel and first responders to meet in-person, develop relationships, and discuss   
17      facilities and equipment specific to a county or municipality that are important to   
18      effectively respond to incidents. The training sessions are often followed up with a   
19      response exercise designed to test and reinforce Company response procedures with a focus   
20      on incident management, communications, and information sharing. Additionally, the   
21      Emergency Preparedness Department has offered and provided training to age restricted   
22      communities and other community organizations on request.

1 **Q. CAN YOU PROVIDE EXAMPLES OF HOW SJG WORKS TO MAINTAIN ITS**  
2 **LEVEL OF OPERATIONAL EXCELLENCE?**

3 **A.** SJG's parent, SJIU, participates in the AGA Best Practices Benchmarking Program which  
4 provides a means for gas utilities to survey other members on specific operational issues  
5 and evaluate themselves internally. SJIU also participates in the AGA Peer Review  
6 Program, which is a voluntary peer-to-peer safety and operational practices review  
7 program that allows local natural gas utilities throughout the nation to observe their peers,  
8 share best practices and identify opportunities to better serve their customers and  
9 communities. As part of the AGA Peer Review Program, subject matter experts from peer  
10 companies evaluate other participating companies with the objective of gaining an  
11 understanding of the utility's practices, procedures and standards in an effort to identify  
12 strengths and leading indicators, as well as to identify areas that could be improved where  
13 appropriate. SJG and SJIU employees participated in this program in Q4 2024 with a focus  
14 on Emergency Management & Public Safety, Damage Prevention, and Quality  
15 Management in Gas Operations.

16  
17 **Q. HAS SJG BEEN RECOGNIZED AS A LEADER IN THE NATURAL GAS**  
18 **INDUSTRY FOR OPERATIONAL PERFORMANCE AND CUSTOMER**  
19 **SERVICE?**

20 **A.** Yes, several organizations have recognized SJG as an industry leader in delivering  
21 operational excellence and customer satisfaction. Escalent named SJG a Residential  
22 Customer Champion in 2024 and placed SJG on the Most Trusted Utility Brands List in  
23 2025. This recognition highlighted SJG's commitment to building engaged customer

relationships and outperforming industry average in the following attributes: building goodwill within the community; transparency with updates; effective communication regarding safety and reliability and promoting customer awareness. As I mentioned previously, the AGA named SJG – along with its sister utility Elizabethtown Gas Company – Industry Leaders in Accident Prevention for the sixth straight year. In addition, SJG received recognition in 2025 from the AGA on the Company’s use of Leading Indicators to develop our safety programs.

**Q. WHAT ARE SOME INDICATORS OF SJG’S CUSTOMER SERVICE PERFORMANCE?**

**A.** SJG has consistently performed well in the metrics established for Customer Service Standards. The Company maintained a leak response rate of 99.60% within 60 minutes in 2024 and 99.61% through September of 2025. The Company has also performed well in meeting customer appointments, finishing 2024 with 98.62% of appointments met, and improving to 99.47% of appointments met through September of 2025. The Company’s field representatives also continually receive high marks in the customer satisfaction surveys conducted by the Company for both courtesy and knowledge. Overall customer satisfaction remains high, as measured through third party metrics. SJG improved its overall satisfaction ranking within the JD Power East Mid-size segment, moving from 3<sup>rd</sup> place in 2022 to 2<sup>nd</sup> place in 2023 and 2024, and continues to achieve strong net promotor and voice of the customer ratings through our third-party quantitative evaluation tools. The net promotor score is derived from an annual customer satisfaction survey each year in the

1 fall, and voice of the customer ratings are evaluated in post-transactional surveys delivered  
2 daily to customers who interact with customer service and field employees.

3 **Q. DID THE 2023 MERGER ORDER REQUIRE SJG TO TAKE ACTIONS TO**  
4 **IMPROVE CERTAIN ASPECTS OF THE COMPANY’S CUSTOMER SERVICE?**

5 A. Yes. The 2023 Merger Order required the Company to develop and submit a Call Center  
6 Customer Service Improvement Plan (“CCCSIP”) on or before March 15, 2023 and submit  
7 quarterly reports on its customer service performance thereafter. The CCCSIP required  
8 SJG to develop a plan for improving its results and reporting on its improvement with  
9 respect to the percentage of calls answered within 30 seconds and call abandonment rate,  
10 as well as other measures. The 2023 Merger Order further required SJG to file quarterly  
11 reports on the performance of the CCCSIP for one year after two quarters of consistent  
12 attainment of customer service benchmarks established in Appendix 3 of the Stipulation  
13 adopted in the 2022 Base Rate Case Order. SJG submitted its initial CCCSIP to Board  
14 Staff and the New Jersey Division of Rate Counsel on March 15, 2023 and continues to  
15 file such quarterly reports as required by the 2023 Merger Order. As of Q4 2024, SJG  
16 achieved (2) quarters of consistent attainment of the benchmarks set forth in the 2023  
17 Merger Order, including: (a) 82% of calls answered within 30 seconds after Q3 2023; and  
18 (b) 5% or less of calls abandoned.

19 **Q. DOES THE COMPANY’S OPERATIONAL FOCUS ALIGN WITH THE CLEAN**  
20 **ENERGY GOALS OF NEW JERSEY?**

21 A. Yes. SJI is positioning the organization, including SJG, to be a leader in achieving the  
22 climate goals of New Jersey by committing to making investments that will ensure that the  
23 Company’s infrastructure is part of the clean energy future. SJI is pursuing aggressive

1 decarbonization goals, with commitments to (1) achieve a 70 percent carbon reduction of  
2 operational emissions and consumption by the year 2030, (2) realize 100 percent carbon  
3 neutrality by 2040, and (3) dedicate at least 25 percent of annual capital expenditures to  
4 sustainability projects, including but not limited to investments in hydrogen and renewable  
5 natural gas (“RNG”) projects. The Company looks forward to being part of a clean energy  
6 future by investing in projects that facilitate the environmental goals of the State, including  
7 infrastructure enhancements and clean energy projects that will help decarbonize our gas  
8 supply and minimize methane emissions while continuing to allow the Company to  
9 accomplish its core mission of providing safe, reliable, affordable, clean energy for the  
10 customers and communities we serve.

11 **Q. CAN YOU DESCRIBE SOME OF THE INVESTMENTS THAT FACILITATE**  
12 **THE STATE’S AND THE COMPANY’S ENVIRONMENTAL GOALS?**

13 **A.** As an initial matter, replacement of leak prone pipe through SJG’s previous AIRP/AIRP II  
14 Programs along with its current SJG IIP and base capital spending have greatly reduced  
15 methane emissions on the Company’s system. In addition, through its Triennium 1 Energy  
16 Efficiency programs, which ended December 31, 2024, SJG invested \$131.0 million in a  
17 variety of energy efficiency programs including rebates, financing, an efficient products  
18 marketplace, a residential weatherization program for low-to-moderate income customers  
19 and home energy audits, as well as solutions for commercial customers. By Order dated  
20 October 30, 2024, the Board approved SJG’s Triennium 2 Energy Efficiency programs  
21 with a budget of \$182.4 million, effective January 1, 2025 through June 30, 2027.<sup>5</sup> These

---

<sup>5</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Triennium 2 Clean Energy Programs and Associated Cost Recovery Pursuant to the Clean Energy Act*, BPU Docket No. QO23120870, Order Adopting Stipulation dated October 30, 2024.



1 programs, which are recovered through Rider “N” – the Company’s Energy Efficiency  
2 Tracker (“EET”), will help customers lower their energy bills and make better-informed  
3 decisions about their energy usage.

4 In addition, as discussed in the testimony of the Engineering Panel, a power-to-gas  
5 project will be placed in service in March 2026. This project is a green hydrogen project  
6 located on SJG’s New Sentury compression site. This project is consistent with the goals  
7 of the State of New Jersey as recently stated by Governor Murphy:

8 Clean hydrogen has the promise to expand New Jersey’s diverse  
9 clean energy portfolio. Clean hydrogen technology has the potential  
10 to improve net greenhouse gas emissions and harmful air pollutant  
11 impacts. Joining together with our regional partners will allow us to  
12 build a strong coalition for the development of clean hydrogen  
13 technology and cultivate economic growth and opportunity for New  
14 Jersey.<sup>6</sup>

15 This project also meets the requirements set forth in the Board’s 2022 Base Rate Case  
16 Order as discussed more fully in the Engineering Panel testimony. The Company also  
17 continues to evaluate and advance projects to interconnect and incorporate RNG into its  
18 supply system. All of these investments will position the Company to advance its  
19 decarbonization goals to lower our carbon footprint.

20 **Q. PLEASE DESCRIBE THE DEMAND FOR NATURAL GAS SERVICE IN THE**  
21 **SJG’s SERVICE AREA.**

22 **A.** Demand for natural gas remains strong and continues to drive growth in our service  
23 area. SJG surpassed the 400,000 customer milestone in 2020 and, at the end of Q3 2025,  
24 our customer base exceeded 425,000. This sustained year over year growth has generated

---

<sup>6</sup> <https://www.governor.ny.gov/news/governor-hochul-announces-multi-state-agreement-signed-major-hydrogen-ecosystem-partners>

1 the need for the installation of approximately 131 miles of incremental main and over 8,500  
2 new services from October 2023 through Q3 2025 to service new customers.

3 **Q. PLEASE DESCRIBE SJG'S EFFORTS TO ACHIEVE INCREMENTAL**  
4 **EFFICIENCIES AND HOLD ITS RATES TO THE LOWEST REASONABLE**  
5 **LEVEL.**

6 **A.** The entire SJI family of companies is dedicated to finding ways to provide excellent service  
7 at the lowest reasonable cost. To that end, SJG and the other SJI entities that provide  
8 services to SJG are continually undertaking efforts to maximize efficiencies. In this case,  
9 as more fully discussed in the testimony of the Company's Engineering Panel and Cindy  
10 Capozzoli, these efficiency efforts include:

11 (i) efforts to right size the Company's workforce through the offering of an  
12 early retirement program that results in annual savings of over \$3.5 million that will be  
13 reflected in the rates established in this proceeding;

14 (ii) efforts to contain capital costs through the use of competitive bidding, cost  
15 tracking and capital budgeting;

16 (iii) efforts to contain municipal costs associated with construction such as paving  
17 and security costs; and

18 (iv) efforts to reduce service company costs.

19 SJI recognizes that the Company's system modernization efforts require significant capital  
20 investments; so the Company works very hard to minimize other areas of its cost of service  
21 in order to maintain overall affordability.

1   **Q.    HOW DOES SJG PLAY AN ACTIVE ROLE IN THE COMMUNITIES IT**  
2       **SERVES?**

3   **A.**    A culture based on safety, reliability, customer service and giving back to the community  
4       is woven throughout SJG and the rest of the SJI family of companies. This culture is  
5       exemplified by the substantial investments that have been and will be made to modernize  
6       and improve the safety, reliability and resiliency of SJG's natural gas distribution  
7       system. This culture is further exemplified by SJI's and SJG's continued involvement in,  
8       and financial contributions to, the communities they serve. SJG recognizes that, as a local  
9       natural gas utility, it has a unique responsibility to its customers, employees, communities  
10      and the public. SJG believes in commitment to the community and has provided significant  
11      financial support to local nonprofit, civic, and business and commerce organizations. To  
12      make the most meaningful impact in our communities, SJG focuses its charitable giving  
13      on four distinct areas: energy assistance; education; environmental stewardship; and  
14      community enrichment. For example, SJG has continued its annual Game On Grant  
15      Program, which helps to provide critical support to local, community-centered children's  
16      athletic programs, leagues, clubs, associations, and recreational organizations. In addition,  
17      SJI continues to partner with higher education institutions and local high schools to develop  
18      early talent through internship programs. In 2025, the SPARK Program was expanded to  
19      include inviting students into SJG's training center in Waterford Works, New Jersey to  
20      learn about the Company's gas operations, and gain hands-on experience from SJG's  
21      Technical Training Team. From 2021 through 2024, SJG also partnered with the Mark  
22      Cuban Foundation to host a four-week, annual free artificial intelligence "Bootcamp" for  
23      local high school students. This program connects local youth with the opportunity to work

with emerging artificial intelligence technology. Additionally, SJG employees participate in our annual Employee Giving Campaign, wherein Company employees generously support area non-profit organizations, including the American Red Cross New Jersey, the Community Food Bank of New Jersey, the New Jersey Veterans Network, The Nature Conservancy, the American Association of Blacks in Energy (South Jersey Chapter), and New Jersey Association of Counties. The Company matches all employee donations and pledges dollar-for-dollar, with SJG providing \$82,657 in matching funds to these causes in 2024. Finally, in recognition of the essential efforts of the many first responders in the Company's territory, SJG has continued its First Responder Grant Program, first established in 2021, that provided financial support to various fire, EMS, and police departments of many municipalities in the communities it serves.

**Q. DOES SJG PROVIDE SUPPORT TO LOW INCOME CUSTOMERS?**

**A.** Yes. SJG partners with providers to promote financial assistance to those in need through low-income assistance programs, including the LIHEAP, PAGE, Lifeline, Comfort Partners and NJ SHARES, as well as other grants and relief funds administered by our State and Federal agency partners. Additionally, in a recent proceeding concerning New Jersey's Universal Service Fund ("USF"), the Board, by Order dated June 18, 2025 in BPU Docket No. QO24110853,<sup>7</sup> directed "the Utilities to make the applicable changes to payment centers, outreach plans, staffing resources, equipment purchases, and reporting requirement in accordance with this Order prior to the start of the next USF program year, on October 1, 2025." The June 2025 USF Order also established increased targets for USF enrollment in individual utilities' service territories. SJG fully supports these goals and as

---

<sup>7</sup> *In the Matter of a Rate Design and Policy Study Regarding Driving Equity in the Clean Energy Transition*, BPU Docket No. QO24110853, Order dated June 18, 2025 ("June 2025 USF Order").

1 of October 2025, SJG has made the applicable changes, including the addition of a new  
2 intermediate-level position. This role will support the Senior Outreach Specialist by  
3 initiating applications at pay centers and various locations across the Company's territory.  
4 The Senior Outreach Specialist will continue to oversee data tracking and reporting, as well  
5 as coordinate and host application days.

6 SJG provides training and frequent communication updates regarding energy  
7 assistance training to all customer-facing employees. The Company also promotes energy  
8 assistance, along with money saving efficiency measures, through its website, customer  
9 newsletters, bill inserts, press releases and social media accounts, as well as external events.  
10 SJG is committed to strong participation in community events, in-person where possible,  
11 as well as with a very strong virtual presence throughout the last two years. These critically  
12 important efforts offer a path to utility bill relief for our customers and neighbors in need  
13 – keeping them connected to the natural gas service that supports their heating, hot water  
14 and cooking needs.

15 **Q. HAS THE COMPANY UNDERTAKEN A STUDY TO EXAMINE WHETHER ITS**  
16 **RATES WILL REMAIN AFFORDABLE UNDER THE PROPOSED RATES?**

17 **A.** Yes. As discussed further in Ms. Capozzoli's testimony, the Company has undertaken an  
18 analysis to test the affordability of its services to residential customers ("Affordability  
19 Analysis"). The Company understands that utility services are essential and recognizes the  
20 need for such services to remain affordable to all customers. The Affordability Analysis  
21 concludes that the Company's gas service is currently affordable for most residential  
22 customers will remain so under proposed rates.

1 **Q. PLEASE INTRODUCE THE OTHER WITNESSES PROVIDING TESTIMONY IN**  
2 **SUPPORT OF SJG's FILING IN THIS PROCEEDING.**

3 **A.** The other witnesses and the subjects addressed in their testimony are as follows:

- 4 • Cindy Capozzoli, Senior Director of Rates, SJIU, presents the Company's proposed  
5 revenue requirement, revenue forecast, and sponsors the Company's revised tariff;
- 6 • Jonathan Oliva, Director, Engineering Services, SJG, and Brian Ritz, Senior  
7 Director, Field & Construction Operations, SJG, as part of an Engineering Panel  
8 address capital expenditures;
- 9 • John L. Houseman, Director of Accounting, SJI, sponsors certain accounting and  
10 related information;
- 11 • Ann E. Bulkley, Principal, of The Brattle Group, discusses the cost of capital;
- 12 • Timothy S. Lyons of Scott Madden, Inc. sponsors the Company's lead/lag study;
- 13 • Dane A. Watson of Alliance Consulting Group presents the Company's  
14 depreciation proposals; and
- 15 • Daniel P. Yardley of Yardley and Associates presents the Company's embedded  
16 cost of service study and proposed rate design.
- 17 • Isaac Gabel-Frank, Co-CEO, Gabel Associates Inc. discusses the Cost Benefit  
18 Analysis prepared for SJG's Automated Metering Technology ("AMT") project.

19  
20 **III. CONCLUSION**

21 **Q. DO YOU HAVE ANY CONCLUDING REMARKS?**

22 **A.** Yes. SJG continues to manage its operations responsibly and effectively to uphold its  
23 commitment to provide superior service to our customers at reasonable rates. The proposed

1        increase is driven predominantly by the cost of prudent and necessary investments, and  
2        will permit the Company to continue to be afforded the opportunity to earn a reasonable  
3        return on and return of investments made since the Company's last base rate case  
4        proceeding that are not reflected in rates. I respectfully request that the Board provide SJG  
5        with the opportunity to earn a fair return on its investments and grant our requested rate  
6        relief.

7        **Q.       DOES THIS CONCLUDE YOUR TESTIMONY?**

8        **A.       Yes.**

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**CINDY L. CAPOZZOLI**

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

**On Behalf of  
South Jersey Gas Company**

**Exhibit P-3**

**November 25, 2025**



## TABLE OF CONTENTS

|              |                                                           |           |
|--------------|-----------------------------------------------------------|-----------|
| <b>I.</b>    | <b>INTRODUCTION.....</b>                                  | <b>1</b>  |
| <b>II.</b>   | <b>PURPOSE OF TESTIMONY.....</b>                          | <b>2</b>  |
| <b>III.</b>  | <b>TEST YEAR.....</b>                                     | <b>5</b>  |
| <b>IV.</b>   | <b>REQUIREMENTS CREATED BY THE 2023 MERGER ORDER.....</b> | <b>7</b>  |
| <b>IV.</b>   | <b>REVENUE REQUIREMENT .....</b>                          | <b>11</b> |
| <b>V.</b>    | <b>OPERATING INCOME .....</b>                             | <b>14</b> |
| <b>VI.</b>   | <b>RATE BASE.....</b>                                     | <b>29</b> |
| <b>VII.</b>  | <b>REGULATORY ASSETS.....</b>                             | <b>32</b> |
| <b>VIII.</b> | <b>AFFORDABILITY ANALYSIS.....</b>                        | <b>33</b> |
| <b>IX.</b>   | <b>PROPOSED TARIFF .....</b>                              | <b>38</b> |
| <b>X.</b>    | <b>CONCLUSION .....</b>                                   | <b>39</b> |

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
CINDY L. CAPOZZOLI**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.**

**A.** My name is Cindy L. Capozzoli and I am Senior Director, Rates for SJI Utilities (“SJIU”).  
My business address is One South Jersey Place, Atlantic City, NJ 08401.

**Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND  
INDUSTRY RELATED EXPERIENCE.**

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

In my current role, I manage the Company’s Rate Department activities, including  
the preparation and coordination of all rate case, revenue-related and other filings before  
the New Jersey Board of Public Utilities (“BPU” or the “Board”). Prior to my employment  
at SJIU, I worked for Debt Compliance Services. I also have two decades of experience in  
corporate finance and held treasury, financial planning, and related positions at Innovairre  
and Campbell Soup Company as well as roles in rates and financial reporting for SJG from  
1994 to 1999. I am a Certified Public Accountant licensed in New Jersey since 1991 (status  
is currently “Inactive”) and am a Certified Treasury Professional certificated by the

1 Association for Financial Professionals (“AFP”) since July 2012 (status is currently  
2 “Inactive”). Also, I am a member of the New Jersey Utilities Association (“NJUA”).

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED OR SUBMITTED TESTIMONY**  
4 **BEFORE THE NEW JERSEY BOARD OF PUBLIC UTILITIES?**

5 **A.** Yes. I have submitted testimony before the BPU in SJG’s most recent base rate case in  
6 BPU Docket No. GR22040253 (“2022 Base Rate Case”) and in its Rider H True-up  
7 proceeding in BPU Docket No. GR21060880.

8  
9 **II. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

11 **A.** The purpose of my testimony is to support the Company’s revenue requirement calculation  
12 in this case, which is based on a test year ending March 31, 2026, and *pro forma* post-test  
13 year adjustments to the test year Income Statement and Statement of Rate Base. In support  
14 of the revenue requirement, I explain *pro forma* adjustments to test year revenues, cost of  
15 gas and operations and maintenance (“O&M”) expense, as well as the rate base calculation.  
16 Additionally, my testimony discusses proposed changes to the Company’s existing tariff.  
17 I will also address South Jersey’s compliance with certain requirements from the Board  
18 Orders approving IIF US Holding 2, LP’s (“IIF”) acquisition of SJG’s ultimate parent,  
19 South Jersey Industries, Inc. (“SJI”), in 2023<sup>1</sup> that are relevant to this rate proceeding.

---

<sup>1</sup> In February 2023, SJI was acquired by IIF, a private equity fund. That transaction (the “Merger”) was approved in the Board’s January 25, 2023 Order in BPU Docket No. GM22040270 (“2023 Merger Order”).

1 **Q. DO YOU SPONSOR ANY SCHEDULES IN YOUR DIRECT TESTIMONY?**

2 **A.** Yes. I am sponsoring the following Schedules, which were prepared or compiled under  
3 my direction and supervision, and which support the Company's calculation of its revenue  
4 requirement and rate base:

- 5 • Schedule CLC-1 – Revenue Requirement;
- 6 • Schedule CLC-2 – Statement of Rate Base;
- 7 • Schedule CLC-3 – Operating Income Statement;
- 8 • Schedule CLC-4 – Summary of *Pro Forma* Adjustments to Operating Income; and
- 9 • Schedule CLC-5 – Derivation of Revenue Expansion Factor.

10 The *pro forma* adjustments to the test year income statement and statement of rate base are  
11 also reflected on my Schedules as follows:

- 12 • Schedule CLC-6 – Summary of Revenue and Cost of Gas Adjustments;
- 13 • Schedule CLC-7 – Energy Efficiency Tracker (“EET”) Rider and Infrastructure  
14 Investment Program (“IIP”) Rider Adjustments;
- 15 • Schedule CLC-8 – Transfer of IIP Revenues To Base Rates;
- 16 • Schedule CLC-9 – Interruptible, Off-System Sales and Storage Incentive Mechanism  
17 Adjustments;
- 18 • Schedule CLC-10 – Customer Annualization;
- 19 • Schedule CLC-11 – Customer Counts;
- 20 • Schedule CLC-12 – Sales From Post-Test Year Utility Plant Additions;
- 21 • Schedule CLC-13 – Contract Changes;
- 22 • Schedule CLC-14 – Summary of O&M and Amortization Adjustments;
- 23 • Schedule CLC-15 – Payroll Expense;

- Schedule CLC-16 – Employee Benefits Expense;
- Schedule CLC-17 – Allocated Service Company Salaries and Benefits Expense;
- Schedule CLC-18 – Other Annualized O&M Expenses;
- Schedule CLC-19 – Energy Benchmarking of Commercial Building Expense;
- Schedule CLC-20 – Excess Deferred Income Taxes (“EDIT”) Over-refund  
Amortization;
- Schedule CLC-21 – Rate Case Expenses;
- Schedule CLC-22 – Pipeline Integrity Management Expense;
- Schedule CLC-23 – Non-Pipeline Alternative Program Cost Amortization;
- Schedule CLC-24 – Annual Expenses Related to Automated Metering Technology  
 (“AMT”);
- Schedule CLC-25 – Annual Expenses Related to Meter Reading;
- Schedule CLC-26 – Annualized Savings Adjustments;
- Schedule CLC-27 – Annual Hydrogen Facility Costs;
- Schedule CLC-28 – O&M Inflation Adjustment;
- Schedule CLC-29.1 – Other Expenses – Revenue Taxes;
- Schedule CLC-29.2 – Other Expenses – Public Utility Assessment (“PUA”) Expense  
Adjustment;
- Schedule CLC-30.1 –Working Capital Requirement (Test Year);
- Schedule CLC-30.2 –Working Capital Requirement (Post-Test Year);
- Schedule CLC-31 – Inventories and Materials & Supplies;
- Schedule CLC-32 – Excess Accumulated Deferred Income Taxes (“ADIT”); and
- Schedule CLC-33 – Customer Deposits.

In addition, in support of the Company's affordability analysis discussed later in my testimony, Schedule CLC-34 is included in my schedules and contains a description of the Energy Assistance Programs available to the Company's low-income customers and others in the Company's service territory having trouble paying their utility bills. Finally, the Company's proposed N.J.B.P.U. Tariff for Gas Service No. 15 is included in my Schedules as follows:

- Schedule CLC-35 – Proposed Tariff for Gas Service No. 15 (Clean); and
- Schedule CLC-36 – Proposed Tariff for Gas Service No. 15 (Redlined Changes).

### **III. TEST YEAR**

#### **Q. WHAT TEST YEAR PERIOD IS THE COMPANY USING TO DETERMINE THE REVENUE REQUIREMENT IN THIS PROCEEDING?**

**A.** SJG's test year is the twelve months ending March 31, 2026. This filing utilizes six months of actual data ending September 30, 2025 and six months of estimated data through March 31, 2026. The actual data has been obtained from the Company's books and records. Generally, the estimated data has been extracted from the Company's operating and capital budgets and forecasts. The estimated data will be replaced with actual data as the case progresses, ultimately containing all actual results in the 12-month update.

#### **Q. HAS SJG INCLUDED ANY POST-TEST YEAR ADJUSTMENTS IN THE DETERMINATION OF THE PROPOSED REVENUE REQUIREMENT?**

**A.** Yes. SJG is proposing to reflect changes in certain capital expenditures through September 30, 2026 and changes in certain revenues and expenses through December 31, 2026, as described later in my testimony as well as in the Direct Testimony of the Engineering Panel

(Exhibit P-4). Including these post-test year adjustments is consistent with standards previously adopted by the Board and provides for an annualization and/or adjustment of revenues, expenses, and capital expenditures through the time period in which rates are expected to be in effect. Specifically, the Board's policy concerning post-test year adjustments, as set forth in its order in *In Re Elizabethtown Water Company*, Docket No. WR8504330, is that utilities are afforded an opportunity to make a record concerning known and measurable changes to expenses and revenues that are nine months beyond the test year and for changes in rate base items that are six months beyond the test year. The post-test year adjustments included in this case are within these parameters. The post-test year adjustments to rate base and operating income are provided in Schedules CLC-2 and CLC-3, respectively.

**Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF SJI AND ITS RELATIONSHIP TO SOUTH JERSEY.**

**A.** South Jersey is a wholly-owned subsidiary of SJIU, which in turn is a wholly-owned subsidiary of SJI. In the 2023 Merger Order, the Board approved the acquisition of SJI by IIF through a merger with NJ Boardwalk Holdings, LLC ("Boardwalk"), a wholly-owned, indirect subsidiary and special purpose entity formed by IIF to directly hold 100% of the common equity of SJI. Boardwalk has no operational functions other than those relating to holding interests in SJI. SJIU owns the common equity of two utilities, South Jersey and Elizabethtown. SJIU provides administrative services that support common utility functions to South Jersey and Elizabethtown and SJI provides a variety of shared corporate and administrative services to South Jersey, Elizabethtown, and other non-regulated SJI affiliates. Shared services costs are assessed to South Jersey by SJIU and SJI in accordance

1 with the cost assignment methodologies set forth in services agreements between SJIU and  
2 South Jersey and SJI and South Jersey filed with the BPU. IIF assesses no costs to the  
3 Company, either directly or indirectly.

4 **Q. WERE THE COSTS INCURRED FROM SJIU AND SJI THAT ARE INCLUDED**  
5 **IN SOUTH JERSEY'S REVENUE REQUIREMENT PROJECTED IN A MANNER**  
6 **CONSISTENT WITH THE PROJECTIONS FOR SOUTH JERSEY?**

7 **A.** Yes. All affiliate costs reflected in South Jersey's filing are based on six months of actual  
8 financial information for the period ending September 30, 2025 and six months of  
9 estimated data through March 31, 2026. The Company also included post-test year  
10 adjustments for known and measurable changes in costs by applying the same criteria used  
11 to determine such adjustments for South Jersey itself.

12  
13 **IV. REQUIREMENTS CREATED BY THE 2023 MERGER ORDER**

14 **Q. DID THE 2023 MERGER ORDER IMPOSE ANY CONDITIONS ON THE**  
15 **COMPANY'S FILING THAT YOU WILL BE ADDRESSING?**

16 **A.** Yes. I will address the following conditions that were imposed by the 2023 Merger Order:  
17 i. No recovery in rates will be sought for (i) any acquisition premium associated with  
18 the Merger or any previous acquisition/merger, (ii) any costs associated with  
19 goodwill arising from the Merger or any previous acquisition, or (iii) any  
20 transaction costs incurred in connection with the Merger. For purposes of this  
21 commitment, transaction costs are defined as (a) consultant, investment banker,  
22 legal and regulatory support fees (internal as well as external), and printing and  
23 similar expenses in each case paid to advance or consummate the Merger, and (b)



1 severance, retention or change-in-control payments made to employees of the Joint  
2 Petitioners related to the Merger. Any such costs will be considered “transaction  
3 costs.”

4 ii. South Jersey will not include any common equity associated with goodwill  
5 (including Merger-related goodwill on Boardwalk’s or SJI’s balance sheet or  
6 goodwill arising from prior transactions) in its ratemaking capital structures.  
7 Goodwill associated with the Merger will not be included in rates, rate base, any  
8 common equity balance reflected in the determination of allowance for funds used  
9 during construction (“AFUDC”), cost of capital, operating expenses, or any other  
10 ratemaking component in future South Jersey proceedings.

11 iii. Any savings realized by South Jersey by virtue of the Merger will be tracked  
12 beginning with the merger closing until the first rate case. Savings will be flowed  
13 through to utility customers in a future base rate case, net of any costs to achieve  
14 such savings.

15 iv. South Jersey’s current rates reflect the cost of first mortgage bonds and senior notes  
16 that contain “change-in-control” provisions that allow the bond and note investors  
17 to sell (put) their bonds and notes back to the respective issuer at the face amount  
18 of the debt in connection with the Transaction. The Parties acknowledge that (a) to  
19 the extent South Jersey incurs increased interest expense as a result of issuing new  
20 debt (referred to as the “Refinanced Debt”) solely to replace any first mortgage  
21 bonds and senior notes that are redeemed by South Jersey as a result of an investor  
22 exercising a put in connection with the Transaction (referred to as the “CIC Debt”)  
23 and (b) such increased interest costs are included in the base rates set in future base

1 rate cases, then South Jersey, as applicable, will provide customers with a rate credit  
2 (referred to as the “CIC Rate Credit”) in future base rate cases for the remaining  
3 tenor of the CIC Debt. Any positive amount resulting from subtracting CIC Debt  
4 test year interest from Refinanced Debt test year interest will be refunded to  
5 customers through an adjustment to customer rates (“CIC Rate Credit  
6 Adjustment”).

7 **Q. IS SOUTH JERSEY SEEKING TO RECOVER ANY MERGER OR ACQUISITION**  
8 **PREMIUM OR TRANSACTION COSTS IN THIS PROCEEDING?**

9 **A.** No.

10 **Q. HAS SOUTH JERSEY INCLUDED ANY COMMON EQUITY ASSOCIATED**  
11 **WITH GOODWILL (INCLUDING MERGER-RELATED GOODWILL ON**  
12 **BOARDWALK’S OR SJI’S BALANCE SHEET OR GOODWILL ARISING FROM**  
13 **PRIOR TRANSACTIONS) IN ITS RATEMAKING CAPITAL STRUCTURES?**

14 **A.** No.

15 **Q. HAVE ANY SAVINGS BEEN REALIZED BY SOUTH JERSEY BY VIRTUE OF**  
16 **THE MERGER?**

17 **A.** The Company has not identified any net savings realized by South Jersey as a result of the  
18 Merger. This is due, in part, to the requirement as part of the 2023 Merger Order that SJI’s  
19 two regulated utilities, SJG and Elizabethtown, continue to maintain their corporate  
20 separateness. Notwithstanding the foregoing, the Company continuously searches for, and  
21 implements, cost-saving measures on behalf of customers independent of the Merger.  
22 These cost savings are achieved through a combination of operational efficiencies, the  
23 deployment of technology and the optimization of processes. The success of these efforts

1 is reflected in increased customer satisfaction as evidenced by its exemplary J.D. Power  
2 ranking and being named a “2025 Most Trusted Brand” by Escalent.

3 **Q. HAS SOUTH JERSEY INCLUDED A CIC RATE CREDIT ADJUSTMENT IN**  
4 **THIS RATE CASE?**

5 **A.** Yes. South Jersey has included the CIC Rate Credit on an after-tax basis as a ratemaking  
6 adjustment to Net Operating Income on Schedule CLC-3. This amount is grossed-up, once  
7 the revenue factor is applied to the income deficiency on Schedule CLC-1, to a pre-tax  
8 basis of \$10.8 million which represents the CIC Rate Credit Adjustment required to be  
9 made to customer rates in accordance with the 2023 Merger Order.

10 **Q. WERE THERE ANY TERMS IN THE 2023 MERGER ORDER RELATED TO**  
11 **COVID UNCOLLECTIBLE AMOUNTS?**

12 **A.** Yes. Within 30 days of the completion of the 2023 Merger Order, South Jersey was  
13 required to write-off 100 percent of the total COVID uncollectible write-off deferrals  
14 (“COVID Deferral”) outstanding as of such date inclusive of all cost categories, including  
15 customer arrearages. The Company wrote off the COVID Deferral in the amount of \$5.5  
16 million (“COVID Deferral Writeoff”).

17 **Q. HOW DOES THE COVID DEFERRAL WRITEOFF AFFECT THE COMPANY’S**  
18 **FILING IN THIS CASE?**

19 **A.** As discussed more fully below, in determining the uncollectible adjustment to be applied  
20 in determining the revenue requirement in this case, the Company used a five-year average  
21 of uncollectible costs that excluded the Covid Deferral Writeoff from the calculation in  
22 order to arrive at reasonable, normalized level of expected uncollectible expense.

1    **IV.    REVENUE REQUIREMENT**

2    **Q.    HOW HAVE YOU CALCULATED THE REVENUE REQUIREMENT AND THE**  
3    **ASSOCIATED REVENUE DEFICIENCY?**

4    **A.**    Schedule CLC-1, attached hereto, reflects the calculation of SJG's requested additional  
5    operating revenue of \$74,711,081, as supported by Company witnesses in this case.

6            Schedule CLC-1, Line 1, reflects the adjusted rate base of \$2,913,070,490, which  
7    is calculated on Schedule CLC-2. Schedule CLC-2 reflects the adjustments made to  
8    specific rate base elements and provides a reference to the Schedules sponsored by each  
9    witness supporting the adjustment. The proposed rate of return on rate base is 7.96%, based  
10   on capital structure ratios of 43% long-term debt and 57% common equity. While the  
11   Company's actual end of test year capital structure, excluding short-term debt, is forecast  
12   to consist of 55.9 percent common equity and 44.1 percent long-term debt, the Company's  
13   plan is to maintain a capital structure that consists of at least 57 percent common equity  
14   prospectively, excluding short-term debt. Accordingly, the Company is proposing to use  
15   a ratemaking capital structure in this proceeding that comprises 57 percent common equity  
16   and 43 percent long-term debt as discussed in the testimony of Company witness Ann E.  
17   Bulkley. The Company believes that the proposed capital structure will enable it to  
18   maintain investment grade credit ratings and the ability to access the long-term debt  
19   markets on favorable terms as its rate base continues to grow.

20            Schedule CLC-1, Line 7, reflects the adjusted net operating income of  
21   \$178,973,002, which is calculated on Schedule CLC-3. Schedule CLC-4 summarizes the  
22   *pro forma* adjustments to net operating income, including references for each adjustment  
23   as sponsored by a Company witness in this case. Adjusted net operating income also

1 includes the Company's proposal to roll the Board-approved amounts of IIP revenues for  
2 IIP Year 1 and IIP Year 2 from the IIP Rider into base rates in this case as shown on  
3 Schedule CLC-4 and detailed on Schedule CLC-8, and as discussed further below.  
4 Schedule CLC-8 also includes the CIC Rate Credit Adjustment required by the 2023  
5 Merger Order.

6 After adjusting operating revenues for the roll-in of IIP revenues and other net  
7 income and after considering the CIC Rate Credit Adjustment, Schedule CLC-1, Line 9,  
8 shows an income deficiency of \$52,907,409, which is grossed up for taxes by a revenue  
9 expansion factor of 1.412110, shown in line 11, resulting in net operating revenue  
10 requirement increase of \$74,711,081, shown in line 13.

11 **Q. HOW IS THE REVENUE EXPANSION FACTOR CALCULATED?**

12 **A.** Schedule CLC-5 depicts the derivation of the revenue expansion factor of 1.412110 used  
13 to convert the income deficiency into the revenue requirement. The revenue factor includes  
14 adjustments for BPU and the Division of Rate Counsel ("Rate Counsel") Assessments, bad  
15 debt allowance ("Uncollectibles"), State Income Tax, and Federal Income Taxes. The  
16 adjustments for BPU and RC Assessments and State and Federal Income Tax are based on  
17 current statutory rates. As I discussed previously, the adjustment for Uncollectibles is  
18 based on the Company's five-year average, excluding increased uncollectible costs  
19 associated with the impact of the COVID Deferral Writeoff. Each of these components  
20 must be reflected in this factor in order for the Company to recover each incremental dollar  
21 of income from the required revenue increase.

1 **Q. PLEASE EXPLAIN WHY COSTS ASSOCIATED WITH THE COMPANY'S IIP**  
2 **ARE UNDER REVIEW IN THIS CASE.**

3 **A.** The IIP was approved by a Board Order dated June 8, 2022 in BPU Docket No.  
4 GR20110726 ("IIP Order"). Pursuant to Paragraph 14 of the Stipulation adopted by the  
5 IIP Order, "The prudence of the IIP Projects will be reviewed by the Board in the  
6 Company's subsequent base rate proceedings." This filing complies with the requirements  
7 of the IIP Order and allows for a prudence review of the IIP expenditures placed in service  
8 since the Company's previous rate case. The prudence of the Company's IIP expenditures  
9 is discussed in the Direct Testimony of the Engineering Panel.

10 **Q. PLEASE EXPLAIN THE COMPANY'S PROPOSAL TO ROLL IIP COSTS AND**  
11 **REVENUES INTO BASE RATES IN THIS CASE.**

12 **A.** For base ratemaking purposes, the Company proposes to include the IIP revenues for IIP  
13 Year 1 and IIP Year 2 in the base rates proposed in this case and to include the costs of the  
14 IIP mains and services that have previously been reflected in the Company's IIP cost  
15 recovery filings in the Company's rate base. The IIP in-service capital and revenue  
16 requirements being rolled into base rates are detailed in Schedule CLC-8. The amounts  
17 detailed on Schedule CLC-8 are actual amounts approved in the respective BPU orders in  
18 Docket Nos. GR23040269 and GR24040282.

19 **Q. WHY IS THE COMPANY PROPOSING TO ROLL THE COSTS RECOVERED**  
20 **THROUGH THE IIP RIDER INTO BASE RATES IN THIS CASE?**

21 **A.** The IIP expenditures are for mains and services that are included in the Company's Utility  
22 Plant in Service ("UPIS"), as well as the associated depreciation and deferred taxes, which  
23 are components of rate base.

1 **Q. WHAT WILL HAPPEN TO THE CURRENTLY APPROVED IIP RIDER RATES**  
 2 **WHEN BASE RATES BECOME EFFECTIVE?**

3 **A.** When base rates, including this adjustment, become effective, the approved IIP amounts  
 4 will be removed from the computation in resetting the IIP Rider rates.

5  
 6 **V. OPERATING INCOME**

7 **Q. PLEASE OUTLINE AND EXPLAIN THE REVENUE AND COST OF GAS**  
 8 **ADJUSTMENTS THE COMPANY IS PROPOSING TO MAKE IN THIS FILING.**

9 **A. Pro Forma Revenue and Cost of Gas Adjustments:** Schedule CLC-6 summarizes the *pro*  
 10 *forma* revenue and cost of gas adjustments supported by various witnesses in this case and  
 11 provides a reference to the schedules sponsored by each witness. The sum of the revenue  
 12 adjustments, (\$24,645,031), is reflected in line 1 of Schedule CLC-3. The sum of the cost  
 13 of gas adjustments, \$4,168,843, is reflected in line 5 of Schedule CLC-3.

14 **EET Rider & IIP Rider Adjustment:** Schedule CLC-7 reflects the adjustment to revenues,  
 15 O&M, and amortization for the Company's Energy Efficiency Program ("EEP"). This  
 16 program and the associated Rider "N" – Energy Efficiency Tracker ("EET") are designed  
 17 to be adjusted outside of a base rate case. As such, the Company has removed the revenue  
 18 and cost of gas associated with this rider from the *pro forma* income statement in this case.  
 19 The revenue adjustment of (\$24,947,569) is summarized on Schedule CLC-6. The O&M  
 20 adjustment of (\$4,497,404) and the amortization adjustment of (\$9,914,770) are  
 21 summarized on Schedule CLC-14.

22 Also included on Schedule CLC-7 is an adjustment to revenues to remove all IIP  
 23 Rider revenues included in the test year. As discussed *supra*, the Company has made a

1 separate adjustment on Schedule CLC-8 to transfer Year 1 and Year 2 IIP Rider revenues  
2 totaling \$8,483,542 to base rates.

3 **Incentive Mechanisms:** Schedule CLC-9 reflects the adjustment to revenue and cost of  
4 gas to eliminate the impact of shared profits from interruptible and off-system sales, as well  
5 as the Storage Incentive Mechanism during the test year. Since these items are incentive  
6 mechanisms, and are not firm revenues, the effects of these activities are removed from the  
7 firm revenue requirement in base rate cases. Test year revenue is therefore adjusted to  
8 remove the Company's share of the margin received. The Company's share of the off-  
9 system sales and interruptible margin is 15% for the entire test year period. The balance  
10 of the margin received, or the customers' share, flows through the Basic Gas Supply  
11 Service ("BGSS") clause, reducing overall gas costs. The adjustments to revenue and cost  
12 of gas are summarized on Schedule CLC-6.

13 **Customer Annualization:** Schedule CLC-10 reflects an adjustment to annualize the  
14 number of Residential and General Service firm sales and transportation customers. The  
15 purpose of annualization is to reflect the trends of increasing or decreasing customers to  
16 determine the appropriate base level of customers for each class. The base level is the level  
17 of customers anticipated to be on the Company's system at the time rates from this  
18 proceeding will go into effect. The result of this annualization is an increase in revenue of  
19 \$3,541,536 and an increase in the cost of gas of \$1,455,709.

20 For this adjustment, the classes were analyzed to properly capture the growth trend  
21 in the customer classes. In each case, the annualization was calculated by multiplying the  
22 monthly level of annualized customers by temperature normalized sales volumes in  
23 Dekatherms ("Dt") per customer, which resulted in either an increase or decrease in total



1 sales volumes. A further discussion on weather normalization of sales volumes is included  
2 below. The sales volumes were then multiplied by revenue and gas costs per Dt to derive  
3 the annualized revenue and cost of gas for each class. In order to reflect a proper base level  
4 in each class, each month is adjusted to the March 2026 base level. In this way, the test  
5 year is annualized for customer fluctuations to the projected customer level on the  
6 Company's system when rates from this proceeding go into effect. The annualization of  
7 all customer classes, utilizing actual customers per rate class, will be updated as the  
8 information becomes available to the Company. This adjustment is summarized on  
9 Schedule CLC-6.

10 Schedule CLC-11 identifies the Company's month end customer counts during the  
11 test year used to perform the customer annualization in Schedule CLC-10. This monthly  
12 customer data represents "net" customer counts (*i.e.*, customers added minus customers  
13 lost). This schedule includes six months of actual data and six months of projected data.  
14 The projected data will be updated with actual data through the course of this rate  
15 proceeding.

16 **New Business Utility Plant:** Schedule CLC-12 contains the post-test year adjustment to  
17 the Income Statement for sales from utility plant additions. This adjustment gives  
18 recognition to incremental sales which will be generated by the "new business" utility plant  
19 supported by the Engineering Panel's Direct Testimony. Schedule CLC-12 reflects the  
20 projected post-test year gross customer additions as a result of the plant that will be added  
21 in the six (6) months following the test year. The Company's forecast of customer  
22 additions for the post-test year period was used as a surrogate to calculate the resultant  
23 annual increase in sales, revenue, and gas costs for each new customer. This calculation

1 results in an incremental \$1,259,856 increase in revenues, and a \$574,407 increase in cost  
2 of gas. This customer growth information will be updated with actual data during the  
3 course of this rate case proceeding. This adjustment is summarized on Schedule CLC-6.

4 **Large Customer Changes:** Schedule CLC-13 details changes associated with new firm  
5 transportation load under the Electric Generation Service – Large Volume (“EGS-LV-FT”)   
6 tariff effective October 1, 2025. Therefore, the test year includes six months of forecast  
7 data from October 2025 to March 2026. Schedule CLC-13 adjusts the test year amounts  
8 to projected annualized amounts. The result of this change is a revenue increase of  
9 \$13,379,395 and an increase in the associated cost of gas of \$11,712,416. The financial  
10 impact of this increase in throughput is reflected as an adjustment in Schedule CLC-6.

11 **Q. PLEASE EXPLAIN HOW THE TEST YEAR AND POST-TEST YEAR**  
12 **FORECAST CUSTOMER CONSUMPTION ARE WEATHER NORMALIZED.**

13 **A.** Normalization is a process that adjusts occurrences to reflect a normal or commonly  
14 expected set of conditions. In the context of the Company’s demand forecast, the Company  
15 normalizes for those conditions that influence gas consumption and thus, revenues. Many  
16 conditions may affect customer consumption to some degree, and they can vary by class  
17 of customers. However, A primary factor that affects the total demands of residential and  
18 commercial customers is weather. Weather normalization of residential and commercial  
19 customers is accomplished by utilizing an average or normal weather pattern during the  
20 test year and post-test year periods. The Company applied a twenty-year (temperature data  
21 from January 1, 2005 through December 31, 2024) normal weather pattern, utilizing  
22 combined readings from Philadelphia and Atlantic City airports, in the use-per-customer

calculations underlying the forecast customer consumption in the test year and post-test year.

**Q. PLEASE OUTLINE AND EXPLAIN THE O&M EXPENSE AND AMORTIZATION EXPENSE ADJUSTMENTS THE COMPANY IS PROPOSING TO MAKE IN THIS FILING.**

**A. Summary of Pro Forma O&M Expense and Amortization Expense Adjustments:**

Schedule CLC-14 provides a summary of *pro forma* O&M expense and amortization expense adjustments, as well as associated Schedule references. The sum of the O&M expense adjustments, (\$18,881,726) is reflected on line 7 of Schedule CLC-3. The sum of the Regulatory Amortization expense adjustments, \$5,261,064, is reflected on line 9 of Schedule CLC-3. The Other Amortization expense adjustment, (\$554,731) is combined with the Depreciation Expense adjustments discussed further below totaling \$1,315,586 for a combined adjustment of \$760,855 reflected on line 11 of Schedule CLC-3.

**Payroll Expense:** Schedule CLC-15 identifies the Company's *pro forma* adjustments for employee payroll changes and employee annualization. The resulting increase to fixed compensation expense based on anticipated additions and separations during the test year period, as well as projected post-test year wage increases, totals \$578,239 and is summarized on Schedule CLC-15. The payroll expense for all non-union and union employees of SJG is expected to increase by three (3) percent. The payroll tax adjustment of \$52,042 reflected on Schedule CLC-15, line 11, is included in Taxes other than Income shown on Schedule CLC-3, line 15.

**Employee Benefits Expense:** Schedule CLC-16 reflects the *pro forma* adjustment to annualize healthcare benefits based on the anticipated net additions and separations

1 identified in the payroll expense adjustment discussed above. The total employee benefit  
2 expense adjustment of \$682,363 is summarized on Schedule CLC-16.

3 **Allocated Service Company Expense:** Schedule CLC-17 identifies the Company's *pro*  
4 *forma* adjustment to annualize salaries and benefits allocated directly from the service  
5 companies, SJI and SJIU. The resulting increase to allocated expense based on anticipated  
6 additions and separations during the test year period, as well as projected post-test year  
7 wage increases, totals \$563,456 and is summarized on Schedule CLC-17. The payroll  
8 expense for all employees of SJI reflects a three (3) percent increase.

9 **Other O&M Expenses:** Schedule CLC-18 reflects *pro forma* adjustments for expenses  
10 that are excluded from the determination of revenue requirements, either expensed on the  
11 Company's books or charged through the management service fee during the test year. In  
12 addition, the Company is forecasting a reduction in annual management service fees  
13 charged to SJG as shown on Line 14 of Schedule CLC-18. This reduction is primarily due  
14 to the Non-Union Voluntary Retirement Program ("VRP") discussed further below as well  
15 as forecasted procurement savings and other cost savings achieved through a combination  
16 of operational efficiencies, the deployment of technology and the optimization of  
17 processes.

18 **Energy Benchmarking of Commercial Buildings Expense:** On May 23, 2018, Governor  
19 Phil Murphy signed the Clean Energy Act into law as L. 2018, c. 17 ("CEA").<sup>2</sup> The CEA  
20 mandated the following ("Benchmarking Requirement"): "No later than five years after  
21 the date of enactment of the [CEA], the board shall require the owner or operator of each  
22 commercial building over 25,000 square feet in the State to benchmark energy and water

---

<sup>2</sup> N.J.S.A 48:3-87.8 et seq.

1 use for the prior calendar year using the United States Environmental Protection Agency's  
 2 Portfolio Manager tool." Through the September 2022 Benchmarking Order,<sup>3</sup> the Board  
 3 directed all regulated electric, natural gas and water utilities in New Jersey to provide  
 4 aggregated building-level data to Building Owners and Operators for buildings covered by  
 5 the Benchmarking Requirement. The Board also directed the utilities providing data access  
 6 services to offer benchmarking webpages through which Building Owners may submit forms  
 7 requesting aggregated building-level data and may download form letters that the utility  
 8 provides to their respective tenants. The September 2022 Benchmarking Order included  
 9 language that directed "the regulated utilities to file for cost recovery of the reasonable and  
 10 prudent costs of implementing the Benchmarking Requirement". The Company forecasts  
 11 that total costs to be incurred through March 31, 2026, the end of the test year, are \$202,753  
 12 and proposes to amortize these costs over three (3) years. This adjustment equates to an  
 13 annual amount of \$67,584 as shown on Schedule CLC-19. In addition, the Company  
 14 expects to incur annual expenses of \$72,456, also shown on Schedule CLC-19.

15 **Over-Refunded Amount of Excess Deferred Income Taxes ("EDITs") Amortization:** In  
 16 accordance with Board Order issued September 17, 2018 in Docket Nos. AX18010001 and  
 17 GR18030230<sup>4</sup>, Rider "H" to the Company's tariff was initially established to refund the  
 18 Company's EDITs resulting from the Tax Cuts and Jobs Act of 2017. As of September  
 19 30, 2023, the Company had refunded all required EDITs to customers and had an over-

---

<sup>3</sup> *In the Matter of the Implementation of P.L. 2018, C. 17 – Energy and Water Benchmarking of Commercial Buildings*, BPU Docket No. QO21071023, Order dated September 7, 2022 ("September 2022 Benchmarking Order").

<sup>4</sup> *In the Matter of the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017*, BPU Docket No. AX18010001 and *In the Matter of the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017*, BPU Docket No. GR18030230, Order dated September 17, 2018.

1 refunded amount of \$434,937. By its September 2023 Order<sup>5</sup>, the Board approved the  
 2 elimination of Rider “H” from the Company’s tariff. The Company proposes to amortize  
 3 the over-refunded EDIT amount over three (3) years and this adjustment equates to an  
 4 annual amount of \$144,979 as shown on Schedule CLC-20.

5 **Rate Case Expense Amortization:** Schedule CLC-21 reflects the *pro forma* adjustment  
 6 made for expenses related to this proceeding. This adjustment includes the projected costs  
 7 of legal and consultant expenses, newspaper notices, court reporting, postage and other  
 8 miscellaneous expenses. These expenses are projected to total \$1,499,400. Consistent  
 9 with previous Board decisions, the Company proposes to include in rates fifty (50) percent  
 10 of these expenses, or \$749,700, to be amortized over a three (3) year period. This  
 11 adjustment equates to an annual amount of \$249,900 as shown on Schedule CLC-21.

12 **Pipeline Integrity Management:** Schedule CLC-22 reflects the *pro forma* adjustment for  
 13 deferred and projected expenses related to Pipeline Integrity Management (“PIM”), a  
 14 federally mandated integrity management program for gas transmission pipelines and  
 15 distribution systems required by 49 CFR 192.901, *et al.* The Company’s PIM activities  
 16 are described in more detail in the Engineering Panel’s Direct Testimony. Deferred  
 17 accounting treatment of PIM programs was approved in the Company’s five previous base  
 18 rate cases and the Company proposes to continue deferred treatment of PIM expenses going  
 19 forward. Line 1 of Schedule CLC-22 identifies the projected costs incurred and deferred  
 20 as of March 31, 2026 totaling \$14,067,076. The Company proposes to amortize these costs

---

<sup>5</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Rider “H” Rate Associated with the Tax Cuts and Jobs Act of 2017*, BPU Docket No. GR23060333, Order dated September 18, 2023 (“September 2023 Order”).

1 over three (3) years. Line 2 of Schedule CLC-22 identifies the annual amortization expense  
2 of \$4,689,025.

3 **Non-Pipeline Alternative Study Expense:** The 2023 Merger Order included a requirement  
4 for SJG to submit to the Board, within 18 months of the closing of the Merger, a proposal  
5 necessary to enable it to incorporate Non-Pipes Alternatives (“NPAs”) in its  
6 supply/demand planning. The Company utilized the services of PA Consulting to develop  
7 the required proposal, which was filed with the Board on August 1, 2024, and incurred  
8 total costs of \$328,725. The Company proposes to amortize these costs related to this  
9 Board-required analysis over three (3) years. This adjustment equates to an annual amount  
10 of \$109,575 as shown on Schedule CLC-23.

11 **Automated Metering Technology (“AMT”) Expense Adjustment:** As discussed more  
12 fully in the Direct Testimony of the Engineering Panel, the Company began installing AMT  
13 in 2023. As of September 30, 2025, \$101.2 million of the expected total cost of \$103.4  
14 million was in-service and included in rate base. As discussed by the Company’s  
15 Engineering Panel, the Company expects to incur annual costs related to cellular service,  
16 support of the SJG network and data management software, annual recurring maintenance  
17 fees for a secondary Virtual Private Network (“VPN”) connection, Open Way Collection  
18 Manager (“OWCM”) storage, and Itron Mobile Radio (“IMR”) maintenance, as well as the  
19 cost of extended warranties on the AMT-related equipment. Total expected annual costs  
20 are \$1,826,763 while the test year amounts total \$504,791, resulting in a *pro forma*  
21 adjustment of \$1,321,972 as shown on Line 7 of Schedule CLC-24.

22 **Meter Reading Expense Adjustment:** With the implementation of AMT, the Company  
23 expects that manual meter reading costs will be reduced significantly. As discussed more

1 fully in the Direct Testimony of the Engineering Panel, following the dissolution of  
2 Millenium Account Services at the end of 2024 Sterling Utilities began supporting the  
3 meter reading function at SJG effective January 1, 2025. Throughout 2025, AMT modules  
4 continued to be installed across the SJG service territory. The installation of the AMT  
5 modules reduced the need and number of required manual reads. In January 2025, there  
6 were approximately 340,000 meters requiring manual reads, whereas, by January 2026, it  
7 is forecast that there will be less than 10,000 meters requiring manual meter reads. As  
8 shown on Schedule CLC-25, a *pro forma* adjustment of (\$1,061,897) has been made to  
9 reduce the test year meter reading costs totaling \$1,514,105 to an annual expected amount  
10 of \$452,208.

11 **Savings Adjustments:** In March 2025, SJI offered a VRP to its Non-Union employees  
12 who met certain criteria. Similarly, in October 2025, a VRP was offered to eligible  
13 members of SJG's IAM Local 76. Both offerings were designed to offer eligible  
14 employees the opportunity to retire with comprehensive financial and additional benefits  
15 package to support life's next chapter. Based on the number of employees accepting the  
16 Non-Union VRP offers as well as certain assumptions on replacements for critical  
17 positions, the Company has calculated an annualized savings adjustment for the related  
18 payroll and employee benefits expense of \$2.1 million which is reflected as part of the  
19 management service fee expense adjustment on line 14 of Schedule CLC-18. In addition,  
20 based on the number of employees forecasted to accept the Union VRP offer as well as  
21 certain assumptions on replacements for critical positions, the Company has calculated an  
22 annualized savings adjustments of (\$550,000) for the related payroll and employee benefits  
23 expense as shown on Line 8 of Schedule CLC-26. In addition, the test year includes certain



1 one-time costs related to these VRPs. A *pro forma* adjustment has been made to remove  
2 these costs totaling (\$946,866) as shown on Line 10 of Schedule CLC-26.

3 **Hydrogen Facility Expense:** As discussed more fully in the Direct Testimony of the  
4 Engineering Panel, the South Harrison Power to Gas (“P2G”) project utilizing a 1-  
5 megawatt hydrogen electrolyzer to produce green hydrogen is expected to be placed in  
6 service in March 2026. Annual costs related to operating this facility are expected to be  
7 \$281,800 as shown on Line 3 of Schedule CLC-27. Given that the test year amounts total  
8 \$156,400, a *pro forma* adjustment in the amount of \$125,400 has been made as shown on  
9 Line 7 of Schedule CLC-27.

10 **Inflation Adjustment:** Schedule CLC-28 reflects a *pro forma* adjustment for inflation on  
11 residual O&M expenses. The residual amount of O&M expense is calculated as the total  
12 post-test year O&M expense, less expenses that are subsequently adjusted for known and  
13 measurable items or that otherwise are not subject to inflation, such as uncollectible  
14 expense and Pension and OPEB costs. The resulting residual O&M expense was  
15 multiplied by an inflation factor of 2.96% to develop the known and measurable inflation  
16 allowance. The inflation factor was developed based on the Energy Information  
17 Administration’s average projected Gross Domestic Product-Price Index (“GDP-PI”) for  
18 the end of the post-test year period compared to the GDP-PI at the mid-point of the test  
19 year. The total inflation adjustment is \$1,886,477 as shown on Line 33 of Schedule CLC-  
20 28.

21 **Endur Allocation Adjustment:** SJI Energy Enterprises Group, LLC (“SJES”) purchased  
22 Endur software in 2015 and upgraded such software in 2024. SJES owns forty-six (46)  
23 licenses, of which nine (9) are utilized by SJG. Given the asset is recorded on the books

1 of SJES, a monthly allocation of depreciation expense is made by SJES to SJG to charge  
2 for SJG's use of the software. As a result, the annual depreciation costs for such software  
3 have not been included in depreciation expense on Schedule JLH-5 but rather, a *pro forma*  
4 adjustment of \$214,654 is made on Line 27 of Schedule CLC-14 to include the costs related  
5 to this software.

6 **Facility Expense Adjustment:** As discussed in the Direct Testimony of Mr. Houseman  
7 and shown on Schedule JLH-10, the Company is proposing an increase in annual expenses  
8 related to the Folsom Facility. The total increase for Facility O&M Expense is \$97,368 as  
9 shown on Line 29 of Schedule CLC-14.

10 **Pension & OPEB Adjustment:** In the Company's last base rate case, the Company was  
11 authorized to continue to defer incremental pension and postretirement healthcare expenses  
12 resulting from the ability to capitalize only service costs, resulting from the Accounting  
13 Standards Update ("ASU") change effective December 15, 2017. The Company projects  
14 a total deferral of (\$1,664,193) as of test year end March 31, 2026, as shown on Schedule  
15 JLH-11. The Company proposes to amortize this deferred balance over three (3) years, or  
16 (\$554,731) per year, consistent with the amortization period of other regulatory assets  
17 proposed in this filing.

18 In addition, the Company is proposing a *pro forma* adjustment of \$23,253 to reduce  
19 ongoing annual income associated with pension and other post-retirement benefits. This  
20 is calculated based on the previously projected monthly deferred income of \$3,571  
21 multiplied by 12 months, as shown on Schedule JLH-11.

22 Both of these adjustments are summarized on Schedule CLC-14.

1 **Q. PLEASE DESCRIBE THE DEPRECIATION AND AMORTIZATION**  
 2 **ADJUSTMENTS THE COMPANY IS PROPOSING TO MAKE IN THIS FILING.**

3 **A.** The *pro forma* adjustments to depreciation expense, Schedule CLC-3 line 11, and  
 4 accumulated depreciation and amortization, Schedule CLC-2 line 2, are set forth on  
 5 Schedule JLH-5 and discussed in further detail in Mr. Houseman's Direct Testimony. The  
 6 changes to depreciation rates reflected in the proposed depreciation expense are based on  
 7 the results of a study prepared by Company witness Dane Watson (Exhibit P-8). In  
 8 addition, the Pension/OPEB Amortization of (\$554,731) as set forth on Schedule JLH-11  
 9 and discussed above is also included on Schedule CLC-3, line 11.

10 **Q. PLEASE OUTLINE AND EXPLAIN THE TAXES OTHER THAN INCOME TAX**  
 11 **ADJUSTMENTS THE COMPANY IS PROPOSING TO MAKE IN THIS FILING.**

12 **A.** The sum of the Taxes Other Than Income Tax adjustment, (\$6,256), is reflected on line 15  
 13 of Schedule CLC-3 and described in more detail below.

14 **Payroll Taxes:** As discussed above, Schedule CLC-15 calculates the projected increase in  
 15 payroll taxes based on anticipated employee payroll changes and employee annualization.  
 16 The total adjustment is \$52,042.

17 **Revenue Taxes:** Schedule CLC-29.1 reflects the Public Utility Assessment ("PUA") tax  
 18 adjustments as a result of revenue adjustments summarized in Schedule CLC-6. In  
 19 accordance with *N.J.S.A. 48:2-60* and *N.J.S.A. 52:27EE-52*, the Company provides funding  
 20 to the State of New Jersey associated with the operations of the Board (BPU Assessment)  
 21 and Rate Counsel (Public Advocate Assessment). These assessments are based on rates  
 22 established by the State of New Jersey and are applied to each gross intrastate revenue  
 23 dollar recorded by the Company for the preceding year. The total proposed revenue

adjustment is multiplied by the proposed PUA assessment rate of 0.002719%, which is the sum of the BPU and Rate Counsel assessments reflected in the revenue expansion factor shown on Schedule CLC-5. The total adjustment is a decrease of (\$19,440) to Taxes Other than Income.

**PUA Expense Adjustment:** Schedule CLC-29.2 reflects adjustments to the income statement for a PUA rate change. The current assessment rates, which were last revised in the 2022 Base Rate Case, are 0.219021% for the Board and 0.053774% for Rate Counsel. Consistent with the Company's last base rate case, the Company is proposing to utilize a three (3) year average of PUA assessments to update these rates to 0.220682% for the Board and 0.051223% for Rate Counsel. By applying these updated rates to year-end 2024 intrastate operating revenues, the Company has estimated its funding obligation for the Board and Rate Counsel to be approximately \$1.79 million. The adjustment of (\$38,857) reduces the test year operating expenses to that level and is reflected on Schedule CLC-3, Line 15. The adjustment recognizes test year expense for this item at a level that the Company will incur while the new assessment rates are in effect.

**Q. PLEASE EXPLAIN THE EXCESS ADIT AMORTIZATION ADJUSTMENTS REFLECTED ON SCHEDULE CLC-3.**

**A.** The Excess ADIT Amortization shown on Schedule CLC-3, line 17, reflects the Company's refund of excess deferred taxes resulting from the 2017 Tax Cuts and Jobs Act and discussed *supra*. The excess deferred tax balance and related amortizations are shown on Schedule CLC-32.

1 **Q. PLEASE EXPLAIN THE FEDERAL AND STATE INCOME TAX**  
2 **ADJUSTMENTS REFLECTED ON SCHEDULE CLC-3.**

3 **A.** The *pro forma* adjustment to Federal and State Income Tax expense, Schedule CLC-3 line  
4 19, includes an interest synchronization adjustment as well as the income tax effect on all  
5 *pro forma* adjustments identified previously and reflected on Schedule CLC-4. The interest  
6 synchronization adjustment is calculated on Schedule JLH-9 and discussed in further detail  
7 by Company witness Houseman.

8 **Q. PLEASE EXPLAIN THE RATEMAKING ADJUSTMENT FOR INTEREST ON**  
9 **CUSTOMER DEPOSITS REFLECTED ON SCHEDULE CLC-3.**

10 **A.** The adjustment for interest on customer deposits is detailed on Schedule CLC-33. Interest  
11 expense, in accordance with GAAP, is booked below the line, but interest on customer  
12 deposits has been moved above the line for ratemaking purposes. This adjustment is  
13 appropriate when customer deposits are used to reduce rate base as a customer supplied  
14 source of capital, as has been done in this case. The projected test year interest to be paid  
15 to customers is \$350,321, based on a 5.24% 2025 interest rate and a 4.25% 2026 interest  
16 rate. These rates are set forth in the current Board regulations *N.J.A.C. 14:3-3.5(d)*. Based  
17 on the anticipated customer deposits at post-test year end September 30, 2026, and utilizing  
18 the interest rate of 4.25%, the projected annualized interest on customer deposits is  
19 \$243,680, as reflected on Schedule CLC-33, line 38. When compared to the test year  
20 projected interest, as summarized on CLC-33, Lines 36-40, a *pro forma* adjustment on an  
21 after-tax basis in the amount of (\$76,664) is necessary and included on Schedule CLC-3,  
22 line 26.

**Q. PLEASE EXPLAIN THE RATEMAKING ADJUSTMENT FOR 2020 & 2022 RATE CASE AMORTIZATIONS REFLECTED ON SCHEDULE CLC-3.**

**A.** The 2020 & 2022 Rate Case Amortizations Adjustment is required to remove amortizations approved for ratemaking purposes in the Company's 2020 and 2022 base rate cases over 5 years and 3 years, respectively. The 2020 rate case amortizations end September 30, 2025 and the 2022 rate case amortizations end December 31, 2025. As a result, they are included in the test year activity reflected on Line 9, Amortization of Regulatory Programs, on Schedule CLC-3. The purpose of this adjustment is to remove these amounts on an after-tax basis so they are not included in base rates established in this proceeding.

**Q. PLEASE EXPLAIN THE RATEMAKING ADJUSTMENT FOR THE CIC RATE CREDIT REFLECTED ON SCHEDULE CLC-3.**

**A.** As discussed previously, South Jersey has included the CIC Rate Credit on an after-tax basis as a ratemaking adjustment to Net Operating Income on Schedule CLC-3. The CIC Rate Credit is a required adjustment per the 2023 Merger Order.

## **VI. RATE BASE**

**Q. PLEASE OUTLINE AND EXPLAIN THE RATE BASE ADJUSTMENTS THE COMPANY IS PROPOSING TO MAKE IN THIS FILING.**

**A.** Schedule CLC-2 summarizes the *pro forma* rate base adjustments supported by all witnesses in this case and provides a reference to the schedules sponsored by each witness.

**UPIS:** The balance for UPIS was calculated starting with the actual balance as of September 30, 2025. Forecast plant additions for the period October 2025 through March 2026 were then added and estimates for plant retirements for the same time period were

1 deducted to develop the estimated test year ending balance as of March 31, 2026. The  
2 Company also included forecast plant additions, reduced for plant retirements, for the six-  
3 month post-test year period ending September 30, 2026. The forecast plant additions are  
4 discussed in further detail in the Direct Testimony of the Engineering Panel and  
5 summarized on Schedules EP-1 through EP-4.

6 **Accumulated Depreciation & Amortization:** The balance for accumulated depreciation  
7 and amortization was calculated starting with the actual balance as of September 30, 2025.  
8 The balance was then adjusted by adding estimated depreciation expense and subtracting  
9 estimated plant retirements and cost of removal for the period October 2025 through March  
10 2026 to develop the estimated test year ending balance as of March 31, 2026. The  
11 Company also included a post-test year period adjustment to reflect estimated depreciation  
12 expense, less projected plant retirements and cost of removal related to the post-test year  
13 capital expenditures included in UPIS for the period April 2026 through September 2026.  
14 The *pro forma* post-test year accumulated depreciation adjustment is calculated on  
15 Schedule JLH-5 and discussed in further detail by Company witness Houseman.

16 **Cash Working Capital:** The test year and post-test year cash working capital balances are  
17 calculated on Schedules CLC-30.1 and CLC-30.2, respectively, based on the lead-lag study  
18 sponsored by Company witness Timothy Lyons.

19 **Inventories:** A 13-month average of natural gas stored, liquefied natural gas inventory,  
20 and materials and supplies is set forth on Schedule CLC-31 and reflected on CLC-2, lines  
21 8 through 11. Utilizing a 13-month average for inventories allows the Company to include  
22 a full year of activity and appropriately reflect seasonal fluctuations in the account balance.  
23 Forecast values for natural gas and liquified natural gas inventories are based on actual

1 balances at September 30, 2025 adjusted for projected injections and withdrawals. South  
2 Jersey forecasts natural gas storage injection and withdrawal amounts based on anticipated  
3 seasonal demand and contractual parameters, assuming normalized weather. Injections are  
4 generally made between April and September of each year resulting in higher balances by  
5 the end of September. For withdrawals, they typically occur between October and March  
6 and the Company assumes drawing storages down by approximately 92% in its forecasts.  
7 The cost of injections is largely driven by NYMEX pricing and applicable basis  
8 differentials at key liquid trading hubs. The cost of withdrawals is the average price per  
9 Dekatherm in each respective inventory. For Materials and Supplies, the 13-month average  
10 of actual balances for the period through September 2025 is used as a proxy for forecasting  
11 purposes as these balances are not expected to change significantly.

12 **Customer Deposits:** Schedule CLC-2, line 13, reflects the Company's projected 13-month  
13 average customer deposits for test year and post-test year periods. Projected customer  
14 deposits are the product of the average deposit per customer and the number of customers  
15 with deposits. Customer deposit adjustments are also summarized on Schedule CLC-33  
16 lines 36-40 and are shown as a reduction to rate base on Schedule CLC-2, line 13.

17 **Deferred Income Taxes:** The test year deferred income tax balances were estimated using  
18 the actual balances as of September 30, 2025 and then projected through March 31, 2026  
19 for changes to the components of the deferred income tax balances. Amounts included in  
20 rate base, whether actual amounts at September 30, 2025 or forecast amounts thereafter,  
21 are the plant-related component only. This consists of the difference between book and tax  
22 depreciation and various basis adjustments that impact the book vs. tax basis of fixed  
23 assets, including but not limited to, AFUDC. Deferred income tax adjustments are



discussed in further detail in the Direct Testimony of Company witness Houseman and Schedules JLH-7 and JLH-8 reflect the post-test year rate base adjustment to capture the increase in Federal and State deferred taxes for the period through September 30, 2026. In addition, the Company has also included the Excess ADIT balance reflected on its books through September 30, 2026, as outlined on Schedule CLC-32.

**VII. REGULATORY ASSETS**

**Q. IS THE COMPANY PROPOSING TO CONTINUE OR ESTABLISH ANY REGULATORY ASSETS IN THIS FILING FOR O&M COSTS THAT ARE NOT REFLECTED IN THE TEST YEAR?**

**A.** The Company is proposing to continue the authority to establish a transmission integrity management program (“TIMP”) regulatory asset, as approved in its 2020 Base Rate Case and continued in its 2022 Base Rate Case. The Company is also proposing to continue to establish a Transportation Security Administration (“TSA”) Directives regulatory asset, as approved in its 2022 Base Rate Case. In addition, the Company is proposing to continue the deferred accounting treatment of PIM programs as approved in the Company’s 2010, 2013, 2017, 2020 and 2022 base rate cases. Also, as addressed in Mr. Houseman’s testimony, the Company is proposing to continue deferred treatment on a going forward basis of incremental pension and postretirement healthcare expenses resulting from an Accounting Standards Update (“ASU”) change effective December 15, 2017 that permitted the Company to capitalize only pension and postretirement benefit service costs (“ASU 2017-07”). Finally, the Company is proposing to establish regulatory assets to permit it to recover rate case expense, potential impaired costs related to the Vineland LNG Project

and the O&M portion of IT implementation costs related to the Utility Alignment project. These regulatory assets are discussed in further detail by Mr. Houseman and, with respect to the Utility Alignment Project, the Engineering Panel.

**VIII. AFFORDABILITY ANALYSIS**

**Q. HAS THE COMPANY ASSESSED THE AFFORDABILITY OF ITS SERVICES IN RELATION TO THE BASE RATES THAT IT IS PROPOSING AND IF SO, HOW?**

**A.** Yes. The Company assessed the affordability of its base rates by comparing average annual residential customer bills for both heating and non-heating customer classes to available measures of household income in SJG's service territory. This assessment required the following data sources: (a) the average annual bill for residential services for the heating and non-heating customer classes and (b) a measure of annual household income for the Company's customer population to determine median household income ("MHI").

Specifically, the Company analyzed historical and forecast comparisons of average annual residential gas bills for the heating and non-heating customer classes to MHI shown in terms of the Bills to Income Ratio ("Residential BTI Ratio") for the period 2015 through 2026. The Residential BTI Ratio for each customer class in this assessment was determined by dividing average annual residential gas bills by annual MHI each year.

**Q. DESCRIBE HOW THE AVERAGE ANNUAL BILL FOR RESIDENTIAL SERVICES WAS DERIVED IN THIS ASSESSMENT.**

**A.** The average annual bill is the actual average for 2015 through 2024 from the Company's sales reports. The average annual bill for 2025 is 2024's average bill plus an estimate for Year 4 of the IIP, which results in increases that typically occur on October 1<sup>st</sup> of each year.

The average annual bill for 2026 is 2025's average bill plus an estimate for Year 5 of the IIP plus the annual bill increase assuming the increase in base rates shown on Schedule DPY-3 attached to the Direct Testimony of Company witness Daniel P. Yardley are approved, and that the IIP Rider rates are reduced at the same time to reflect the transfer of Year 1 and Year 2 IIP revenues to base rates.

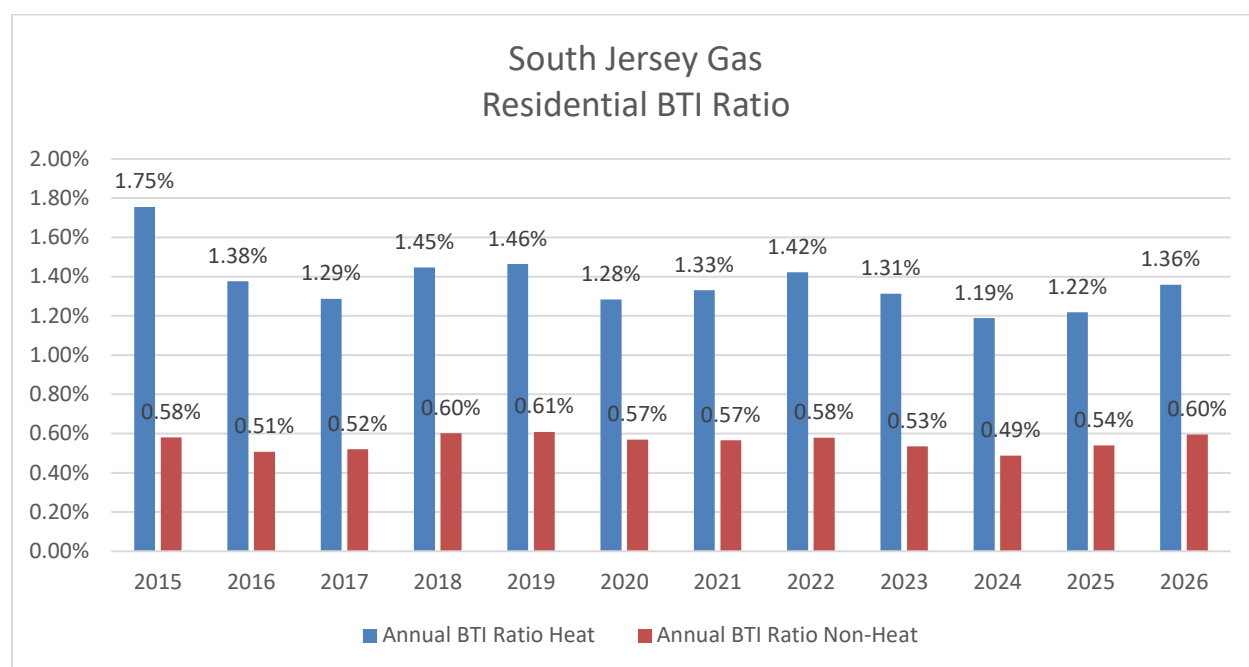
**Q. DESCRIBE HOW THE ANNUAL HOUSEHOLD INCOME FOR THE COMPANY'S CUSTOMER POPULATION WAS DERIVED IN THIS ASSESSMENT.**

**A.** For the residential customer base, the most common and readily available source is Median Household Income ("MHI") which can be measured at the local level. In this analysis, the Company used data published by the U.S. Census Bureau to derive an average MHI for all geographic areas in South Jersey's service territory for 2015 through 2023. At the time this analysis was last updated in October 2025, the U.S. Census data for 2024 was not available. A general Google search noted that the U.S. Census data was facing access issues as many government data portals were inaccessible due to the government shutdown and budget cuts affecting federal statistical agencies. Therefore, the average annual percentage increase in MHI between 2015 and 2023, excluding 2020 and 2022, was used to forecast MHI for 2024 through 2026. MHI information from 2020 was omitted from the historic MHI calculation because of the likelihood that 2020 was an outlier due to the COVID-19 pandemic. MHI information from 2022 was also omitted from the forecast calculation because it is also an outlier (above a 10% increase in MHI as compared to 2021).

**Q. WHAT IS THE RESULT OF THE HISTORIC COMPARISON OF THE COMPANY'S ANNUAL GAS DISTRIBUTION BILLS TO MHI FOR THE PERIOD 2015-2024 IN TERMS OF BTI RATIOS?**

**A.** Since 2015, the BTI ratios for residential heating customers' bills have fluctuated between a high of 1.75 percent in 2015 and a low of 1.19 percent in 2024 while residential non-heating customers' bills have fluctuated between a high of 0.61 percent in 2019 and a low of 0.49 percent in 2024. This is illustrated on Chart 1 below:

**Chart 1**



**Q. WHAT IS THE IMPACT OF THE PROPOSED BASE RATES ON THE BTI RATIOS?**

**A.** As shown on Chart 1, the proposed increases in base rates are forecast to produce a BTI of 1.36 percent in 2026 for heating customers; a level that remains below the BTI level in

2015. For non-heating customers, the proposed base rate increases are forecast to produce a BTI Ratio of 0.60 percent, which is below the 2019 level.

**Q. WHAT ASSISTANCE PROGRAMS ARE AVAILABLE TO LOW INCOME CUSTOMERS IN THE COMPANY’S SERVICE TERRITORY?**

**A.** As set forth on Schedule CLC-34, there are a significant number of low-income assistance programs available in the Company’s service territory. These programs offer a variety of grants that can be used to offset natural gas bills. Many of these programs are undersubscribed. In addition, SJG also offers residential customers the option of paying bills on a budget billing plan, whereby the total service for the succeeding 12-month period is estimated in advance and bills are rendered on the basis of one-twelfth of the 12-month estimate to provide customers with greater stability and predictability in monthly bills. The Company also offers customers flexible payment arrangements through installment agreements if they are unable to pay past due service bills.

**Q. PLEASE DESCRIBE THE UNIVERSAL SERVICE FUND (“USF”) ASSISTANCE THAT IS AVAILABLE TO LOW INCOME CUSTOMERS.**

**A.** The USF provides credits on gas bills of income eligible customers who:

- (i) have total gross annual household incomes of less than 400 percent of the FPL; and
- (ii) spend more than two percent of their income for natural gas service.

Residential heating customers whose MHI falls within 0 percent to 150 percent of the FPL qualify for the USF.

**Q. HOW MANY CUSTOMERS PARTICIPATE IN THE USF?**

**A.** The number of participants varies from month to month. Year to date through September 2025, the Company had 19,343 customers participating in the USF. These customers

received \$496,433 of credits in September 2025 to offset their monthly bills. From an annual historical perspective, also refer to the chart below.

| USF PARTICIPATION |                       |                      |
|-------------------|-----------------------|----------------------|
| <u>Year</u>       | <u># of Customers</u> | <u>Total Credits</u> |
| 2020              | 12,944                | \$3.6m               |
| 2021              | 16,710                | \$3.1m               |
| 2022*             | 23,130                | \$5.6m               |
| 2023              | 25,664                | \$7.2m               |
| 2024              | 26,626                | \$8.0m               |

*\*first year when online applications could be made*

**Q. PLEASE DESCRIBE THE COMPANY’S FRESHSTART PROGRAM.**

**A.** The FreshStart program is available to USF participants who have arrearages. If a USF customer pays their current bill on time every month for twelve months, their arrearage will be eliminated. Each month 1/12<sup>th</sup> of the customers’ starting arrearage is waived as long as the current bill is paid.

**Q. DID THE BOARD RECENTLY ISSUE AN ORDER REQUIRING SJG AND OTHER UTILITIES TO TAKE ANY ACTIONS TO EXPAND RELIEF PROVIDED TO LOW INCOME CUSTOMERS?**

**A.** Yes. The Board’s June 18, 2025 Order concerning the USF Program in BPU Docket No. QO24110853<sup>6</sup> required SJG and the State’s other utilities to expand USF enrollment by 5% in the year ended 2025, 3% in 2026 and 2% in 2027, and required utilities to take further actions to assist customers with USF applications, and increase customer outreach. SJG fully supports these efforts to make natural gas service more affordable to low income customers.

---

<sup>6</sup> *I/M/O A Rate Design And Policy Study Regarding Driving Equity In The Clean Energy Transition*, “Order Modifying USF Program” (June 18, 2025) (“June 2025 USF Order”).

1 **Q. WHAT CONCLUSIONS DO YOU DRAW BASED ON THE COMPANY'S**  
2 **ANALYSIS OF AFFORDABILITY?**

3 **A.** There are two conclusions that can be drawn from the Company's affordability analysis:

- 4 • the Company's rates for service, including increases associated with the proposed  
5 base rates, are affordable for the majority of the Company's residential customers  
6 and, in fact, comprise a smaller share of the customers' MHIs than they did a few  
7 years ago; and
- 8 • while there are groups of customers for which affordability is a concern, that  
9 concern is significantly mitigated by the availability of customer assistance  
10 programs, including the expanded programs made possible by the June 2025 USF  
11 Order.

12  
13 **IX. PROPOSED TARIFF**

14 **Q. WHAT TARIFF CHANGES ARE BEING PROPOSED BY THE COMPANY IN**  
15 **THIS FILING?**

16 **A.** Schedule CLC-35 provides the proposed South Jersey Gas Company Tariff for Gas Service  
17 No. 15 ("Proposed Tariff"), which includes certain proposed changes in this proceeding,  
18 and Schedule CLC-36 reflects the proposed changes from South Jersey's currently  
19 effective Tariff No. 14 on file with the Board in redline. The proposed changes are as  
20 follows:

- 21 (i) For the Residential Service (RSG) and General Service (GSG) rate classes:
  - 22 (a) Change Delivery Charge to Distribution Charge;

(b) Change the calculation of the Distribution Charge such that it only includes base rates;

(c) Update footnote (1) on these rate schedules to clarify that the charges displayed in the Tariff only include sales and use taxes and will be adjusted for all other applicable Riders in the Tariff; and

(ii) For all other rate classes, update footnote (1) to clarify that the Delivery Charges displayed in the Tariff include sales and use taxes and are inclusive of the charges for all other applicable riders.

(iii) roll-in the revenues associated with the IIP Rider per actual amounts through June 30, 2024, and reset the IIP Rider rates to remove these amounts

**X. CONCLUSION**

**Q. PLEASE SUMMARIZE THE PRIMARY REASONS FOR SJG'S ANNUAL REVENUE DEFICIENCY.**

**A.** Since the Company's last base rate case, SJG has invested approximately \$489.7 million in net plant additions as of September 30, 2025, excluding IIP investments, that are not currently reflected in rates and is projecting that approximately \$167.5 million will be added to the UPIS balance by September 30, 2026 to ensure that its customers continue to receive safe and reliable natural gas service. A primary driver for rate relief in this proceeding is the value of SJG's investments in its infrastructure and the Company's ability to earn a reasonable return on and return of those investments. Additionally, an increase in depreciation expense associated with a change in depreciation rates as recommended by Company witness Watson contributes to the incremental revenues requested herein. The



1           Company's proposals in this case are just and reasonable and should be adopted by the  
2           Board. Doing so will send a proper signal to the financial community regarding New  
3           Jersey's regulatory environment and the financial health and stability of the Company.

4   **Q.    DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

5   **A.    Yes, it does.**

Schedule CLC-1  
6&6SOUTH JERSEY GAS COMPANY  
REVENUE REQUIREMENT

| <u>Line No.</u> |                               |                             | <u>REFERENCE</u> |
|-----------------|-------------------------------|-----------------------------|------------------|
| 1               | Adjusted Rate base            | \$ 2,913,070,490            | CLC-2            |
| 2               |                               |                             |                  |
| 3               | Rate of Return                | <u>7.9600%</u>              |                  |
| 4               |                               |                             |                  |
| 5               | Required Operating Income     | \$ 231,880,411              |                  |
| 6               |                               |                             |                  |
| 7               | Adjusted Net Operating Income | <u>\$ 178,973,002</u>       | CLC-3            |
| 8               |                               |                             |                  |
| 9               | Income Deficiency             | \$ 52,907,409               |                  |
| 10              |                               |                             |                  |
| 11              | Revenue Factor                | <u>1.412110</u>             | CLC-5            |
| 12              |                               |                             |                  |
| 13              | Revenue Requirement           | <u><u>\$ 74,711,081</u></u> |                  |

SOUTH JERSEY GAS COMPANY  
STATEMENT OF RATE BASE

| Line No. |                                         | ACTUAL<br>RATE BASE<br>September-25 | ADJUSTMENT<br>October 25 - March 26 | PROJECTED<br>RATE BASE<br>March-26 | PRO FORMA<br>ADJUSTMENT | ADJUSTED<br>RATE BASE<br>September-26 | REFERENCE TO<br>SCHEDULES<br>SUPPORTING<br>ADJUSTMENTS |
|----------|-----------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|-------------------------|---------------------------------------|--------------------------------------------------------|
| 1        | Utility Plant In Service                | \$ 4,259,427,444                    | \$ 103,026,877                      | \$ 4,362,454,321                   | \$ 64,445,880           | \$ 4,426,900,201                      | EP-1                                                   |
| 2        | Accumulated Depreciation & Amortization | \$ (871,969,504)                    | \$ (40,867,221)                     | \$ (912,836,725)                   | \$ (38,339,322)         | \$ (951,176,047)                      | JLH-5                                                  |
| 3        | Non-Legal ARO                           | \$ (17,314,074)                     | \$ 229,817                          | \$ (17,084,258)                    | \$ (975,894)            | \$ (18,060,152)                       | JLH-6                                                  |
| 4        |                                         |                                     |                                     |                                    |                         |                                       |                                                        |
| 5        | Net Utility Plant                       | <u>\$ 3,370,143,865</u>             | <u>\$ 62,389,473</u>                | <u>\$ 3,432,533,338</u>            | <u>\$ 25,130,664</u>    | <u>\$ 3,457,664,002</u>               |                                                        |
| 6        |                                         |                                     |                                     |                                    |                         |                                       |                                                        |
| 7        |                                         |                                     |                                     |                                    |                         |                                       |                                                        |
| 8        | Materials & Supplies <sup>(1)</sup>     | \$ 1,050,216                        | \$ -                                | \$ 1,050,216                       | \$ 0                    | \$ 1,050,216                          | CLC-31                                                 |
| 9        | Gas Inventory: <sup>(1)</sup>           |                                     |                                     |                                    |                         |                                       |                                                        |
| 10       | Natural Gas Inventory                   | \$ 10,418,421                       | \$ 1,498,159                        | \$ 11,916,581                      | \$ 2,934,084            | \$ 14,850,664                         | CLC-31                                                 |
| 11       | LNG Inventory                           | \$ 2,380,965                        | \$ (160,276)                        | \$ 2,220,689                       | \$ 82,006               | \$ 2,302,696                          | CLC-31                                                 |
| 12       | Cash Working Capital                    | \$ 95,940,100                       | \$ -                                | \$ 95,129,995                      | \$ 8,187,146            | \$ 103,317,141                        | CLC-30.1 & 30.2                                        |
| 13       | Customer Deposits <sup>(1)</sup>        | \$ (5,626,504)                      | \$ 28,957                           | \$ (5,597,547)                     | \$ (112,269)            | \$ (5,709,816)                        | CLC-33                                                 |
| 14       | Customer Advances <sup>(1)</sup>        | \$ 369,819                          | \$ -                                | \$ 369,819                         | \$ -                    | \$ 369,819                            | CLC-2, WP                                              |
| 15       | Deferred Income Taxes:                  |                                     |                                     |                                    |                         |                                       |                                                        |
| 16       | Excess Protected ADIT                   | \$ (65,992)                         | \$ -                                | \$ (65,992)                        | \$ 54,062               | \$ (11,930)                           | CLC-32                                                 |
| 17       | Excess ADIT (2017 TCJA)                 | \$ (125,915,062)                    | \$ -                                | \$ (125,915,062)                   | \$ 2,629,423            | \$ (123,285,639)                      | CLC-32                                                 |
| 19       | Federal Income Tax                      | \$ (399,626,172)                    | \$ 16,437,910                       | \$ (383,188,261)                   | \$ (4,184,075)          | \$ (387,372,336)                      | JLH-7                                                  |
| 20       | NJ CBT                                  | \$ (157,389,697)                    | \$ 9,255,892                        | \$ (148,133,805)                   | \$ (1,970,522)          | \$ (150,104,327)                      | JLH-8                                                  |
| 21       |                                         |                                     |                                     |                                    |                         |                                       |                                                        |
| 22       |                                         |                                     |                                     |                                    |                         |                                       |                                                        |
| 23       | Total Rate Base                         | <u>\$ 2,791,679,960</u>             | <u>\$ 89,450,115</u>                | <u>\$ 2,880,319,971</u>            | <u>\$ 32,750,520</u>    | <u>\$ 2,913,070,490</u>               |                                                        |

<sup>(1)</sup> Represents Thirteen Month Averages of Account Balances

Schedule CLC-3  
6&6SOUTH JERSEY GAS COMPANY  
OPERATING INCOME STATEMENT

| Line No. |                                              | 6 MONTHS<br>ACTUAL<br>DATA | 6 MONTHS<br>PROJECTED<br>DATA | TEST YEAR<br>ENDED<br>3/31/2026 | PRO FORMA<br>ADJUSTMENTS | POST TEST YEAR<br>ENDED<br>12/31/2026 | REVENUE<br>DEFICIENCY | PRO FORMA<br>POST TEST YEAR<br>ENDED<br>12/31/2026 |
|----------|----------------------------------------------|----------------------------|-------------------------------|---------------------------------|--------------------------|---------------------------------------|-----------------------|----------------------------------------------------|
| 1        | Operating Revenues                           | \$ 205,792,705             | \$ 597,694,173                | \$ 803,486,878                  | \$ (24,645,031)          | \$ 778,841,847                        | \$74,711,081          | \$ 853,552,929                                     |
| 2        |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 3        | Operating Expenses:                          |                            |                               |                                 |                          |                                       |                       |                                                    |
| 4        |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 5        | Purchased Gas                                | \$ 57,470,526              | \$ 207,205,917                | \$ 264,676,443                  | \$ 4,168,843             | \$ 268,845,286                        | \$ -                  | \$ 268,845,286                                     |
| 6        |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 7        | Operation & Maintenance Expense              | \$ 58,251,279              | \$ 72,439,844                 | \$ 130,691,124                  | \$ (18,881,726)          | \$ 111,809,397                        | \$ 912,990            | \$ 112,722,387                                     |
| 8        |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 9        | Amortization of Regulatory Programs          | \$ 23,661,616              | \$ 47,925,202                 | \$ 71,586,818                   | \$ 5,261,064             | \$ 76,847,881                         | \$ -                  | \$ 76,847,881                                      |
| 10       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 11       | Depreciation & Amortization Expense          | \$ 53,192,576              | \$ 57,897,464                 | \$ 111,090,039                  | \$ 760,855               | \$ 111,850,894                        | \$ -                  | \$ 111,850,894                                     |
| 12       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 13       | Other Income & Expense                       | \$ (1,796,988)             | \$ (1,153,233)                | \$ (2,950,221)                  | \$ -                     | \$ (2,950,221)                        | \$ -                  | \$ (2,950,221)                                     |
| 14       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 15       | Taxes Other Than Income Taxes                | \$ 3,422,587               | \$ 3,618,053                  | \$ 7,040,640                    | \$ (6,256)               | \$ 7,034,385                          | \$ 203,143            | \$ 7,237,528                                       |
| 16       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 17       | Excess Accumulated Deferred Tax Amortization | \$ -                       | \$ -                          | \$ -                            | \$ (1,338,569)           | \$ (1,338,569)                        | \$ -                  | \$ (1,338,569)                                     |
| 18       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 19       | Federal Income Taxes & NJ CBT                | \$ (6,593,199)             | \$ 47,734,307                 | \$ 41,141,109                   | \$ (2,321,176)           | \$ 38,819,933                         | \$ 20,687,540         | \$ 59,507,472                                      |
| 20       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 21       | Total Net Operating Expenses                 | \$ 187,608,397             | \$ 435,667,554                | \$ 623,275,951                  | \$ (12,356,965)          | \$ 610,918,986                        | \$ 21,803,673         | \$ 632,722,659                                     |
| 22       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 23       | Net Operating Income                         | <u>\$ 18,184,308</u>       | <u>\$ 162,026,619</u>         | <u>\$ 180,210,927</u>           | <u>\$ (12,288,066)</u>   | <u>\$ 167,922,861</u>                 | <u>\$ 52,907,408</u>  | <u>\$ 220,830,269</u>                              |
| 24       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 25       | Ratemaking Adjustment:                       |                            |                               |                                 |                          |                                       |                       |                                                    |
| 26       | Interest on Customer Deposits, AT            | \$ 135,384                 | \$ 116,462                    | \$ 251,846                      | \$ (76,664)              | \$ 175,182                            | \$ -                  | \$ 175,182                                         |
| 27       | 2020 & 2022 Rate Case Amortizations, AT      | \$ -                       | \$ -                          | \$ -                            | \$ (3,484,459)           | \$ (3,484,459)                        | \$ -                  | \$ (3,484,459)                                     |
| 28       | CIC Rate Credit, AT                          | <u>\$ -</u>                | <u>\$ -</u>                   | <u>\$ -</u>                     | <u>\$ (7,740,864)</u>    | <u>\$ (7,740,864)</u>                 | <u>\$ -</u>           | <u>\$ (7,740,864)</u>                              |
| 29       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 30       | Adjusted Net Operating Income                | <u>\$ 18,048,924</u>       | <u>\$ 161,910,157</u>         | <u>\$ 179,959,081</u>           | <u>\$ (986,079)</u>      | <u>\$ 178,973,002</u>                 | <u>\$ 52,907,408</u>  | <u>\$ 231,880,410</u>                              |
| 31       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 32       | Total Rate Base                              |                            |                               | \$ 2,880,319,971                |                          | \$ 2,913,070,490                      |                       | \$ 2,913,070,490                                   |
| 33       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 34       | Return on Rate Base                          |                            |                               | <u>6.25%</u>                    |                          | <u>6.14%</u>                          |                       | <u>7.96%</u>                                       |
| 35       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 36       | Adjusted Net Income                          |                            |                               | \$ 114,863,850                  |                          | \$ 113,137,609                        |                       | \$ 166,045,017                                     |
| 37       |                                              |                            |                               |                                 |                          |                                       |                       |                                                    |
| 38       | Return on Equity                             |                            |                               | <u>7.00%</u>                    |                          | <u>6.81%</u>                          |                       | <u>10.00%</u>                                      |

Schedule CLC-4  
6&6SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME

|                                                                                                  | Pro Forma<br>Adjustments |
|--------------------------------------------------------------------------------------------------|--------------------------|
| <b>1. Operating Revenues (CLC-6)</b>                                                             |                          |
| (a) EET Rider Adjustment (CLC-6)                                                                 | \$ (24,947,569)          |
| (b) Infrastructure Investment Program ("IIP") Billed Revenue (CLC-7)                             | \$ (12,196,097)          |
| (c) IIP Approved Revenue Requirement from Rider B. to Base Rates (CLC-8)                         | \$ 8,483,542             |
| (d) Interruptible, Off-System Sales & SIM Adjustment (CLC-9)                                     | \$ (14,165,694)          |
| (e) Customer Annualization (CLC-10)                                                              | \$ 3,541,536             |
| (f) Sales from Post Test Year Plant Additions (CLC-12)                                           | \$ 1,259,856             |
| (g) Contract Changes (CLC-13)                                                                    | \$ 13,379,395            |
|                                                                                                  | \$ -                     |
|                                                                                                  | <b>\$ (24,645,031)</b>   |
| <b>2. Purchased Gas Costs (CLC-6)</b>                                                            |                          |
| (a) Adjust Purchased Gas Cost to Annualized Post Test Year (CLC-6)                               | \$ 4,168,843             |
|                                                                                                  | <b>\$ 4,168,843</b>      |
| <b>3. Operation and Maintenance and Amortization Expenses (CLC-14)</b>                           |                          |
| <b>O&amp;M Expenses</b>                                                                          |                          |
| (a) Remove EET Rider Expense (CLC-7)                                                             | \$ (4,497,404)           |
| (b) Remove EET Rider Amortization (CLC-7)                                                        | \$ (9,914,770)           |
| (c) Payroll Expense Adjustment (CLC-15)                                                          | \$ 578,239               |
| (d) Benefits Expense Adjustment (CLC-16)                                                         | \$ 682,363               |
| (e) Allocated Service Company Salary & Benefit Adjustment (CLC-17)                               | \$ 563,456               |
| (f) Other O&M Adjustment (CLC-18)                                                                | \$ (7,476,428)           |
| (g) Annual Benchmarking Expenses (CLC-19)                                                        | \$ 72,456                |
| (h) Automated Metering Technology Costs (CLC-24)                                                 | \$ 1,321,972             |
| (i) Meter Reading Costs (CLC-25)                                                                 | \$ (1,061,897)           |
| (j) Savings Adjustments (CLC-26)                                                                 | \$ (1,496,866)           |
| (k) Hydrogen Facility Costs (CLC-27)                                                             | \$ 125,400               |
| (l) O&M Inflation Adjustment (CLC-28)                                                            | \$ 1,886,477             |
| (m) Endur Allocation from SJI Energy Enterprises Group (SJES)                                    | \$ 214,654               |
| (n) Facility Expense Adjustment (JLH-10)                                                         | \$ 97,368                |
| (o) Pension/OPEB Expense (JLH-11)                                                                | \$ 23,253                |
|                                                                                                  |                          |
| <b>Regulatory Amortizations</b>                                                                  |                          |
| (p) Deferred Benchmarking Cost Amortization (CLC-19)                                             | \$ 67,584                |
| (q) Excess Deferred Income Tax Over-refund Amortization (CLC-20)                                 | \$ 144,979               |
| (r) Rate Case Expense Amortization (CLC-21)                                                      | \$ 249,900               |
| (s) Pipeline Integrity Management Amortization (CLC-22)                                          | \$ 4,689,025             |
| (t) Non-Pipeline Alternative Study Cost Amortization (CLC-23)                                    | \$ 109,575               |
|                                                                                                  |                          |
| <b>Other Amortizations</b>                                                                       |                          |
| (u) Pension/OPEB Amortization (JLH-11)                                                           | \$ (554,731)             |
|                                                                                                  |                          |
|                                                                                                  | <b>\$ (14,175,394)</b>   |
| <b>4. Depreciation Expense (JLH-5)</b>                                                           |                          |
| (a) Annualize Test Year Depreciation Expense as of 3/31/26 with proposed depreciation rates      | \$ 1,653,780             |
| (b) Annualize Post Test Year Depreciation Expense as of 9/30/26 with proposed depreciation rates | \$ 1,615,525             |
| (c) Adjustment due to Decrease in Proposed Annual Net Negative Salvage Allowance                 | \$ (1,673,688)           |
| (d) Adjustment due to Decrease in Non-Legal Asset Retirement Obligation (ARO) Credit             | \$ (280,032)             |
|                                                                                                  | <b>\$ 1,315,586</b>      |
| <b>5. Taxes Other Than Income</b>                                                                |                          |
| (a) Payroll Tax Adjustment (CLC-15)                                                              | \$ 52,042                |
| (b) Adjustment for PUA (CLC-29.1 & CLC-29.2)                                                     | \$ (58,297)              |
|                                                                                                  | <b>(6,256)</b>           |
| <b>6. Taxes - Income - Current</b>                                                               |                          |
| (a) Interest Synchronization (JLH-9)                                                             | \$ 2,161,753             |
| (b) Income Tax effect of adjustments 1 - 5                                                       | \$ (4,482,930)           |
|                                                                                                  | <b>\$ (2,321,176)</b>    |

Schedule CLC-5  
6&6SOUTH JERSEY GAS COMPANY  
DERIVATION OF REVENUE EXPANSION FACTORLine  
No.

|    |                                                |     |                        |
|----|------------------------------------------------|-----|------------------------|
| 1  | Additional Required Revenue Percentage         |     | 100.000%               |
| 2  |                                                |     |                        |
| 3  | Percentage Adjustment for Uncollectible        |     | 1.222028%              |
| 4  | BPU Assessments                                |     | 0.220682%              |
| 5  | Rate Counsel Assessments                       |     | 0.051223%              |
| 6  |                                                |     |                        |
| 7  | Percentage of Income Before State Income Tax   |     | 98.51%                 |
| 8  |                                                |     |                        |
| 9  | State Income Tax Percentage                    | 9%  | 8.87%                  |
| 10 |                                                |     |                        |
| 11 | Percentage of Income Before Federal Income Tax |     | 89.64%                 |
| 12 |                                                |     |                        |
| 13 | Federal Income Tax Percentage                  | 21% | 18.82%                 |
| 14 |                                                |     |                        |
| 15 | Revenue Expansion Factor - Percent             |     | 70.82%                 |
| 16 |                                                |     |                        |
| 17 | Revenue Expansion Factor - Whole Number        |     | <u><u>1.412110</u></u> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**SUMMARY OF REVENUE & COST OF GAS ADJUSTMENTS**

| Line<br>No. |                                                                  | Therm<br>Adjustments | Revenue<br>Adjustments | Cost of Gas<br>Adjustments | Reference |
|-------------|------------------------------------------------------------------|----------------------|------------------------|----------------------------|-----------|
| 1           | EET Rider Adjustment                                             | N/A                  | \$ (24,947,569)        | N/A                        | CLC-7     |
| 2           |                                                                  |                      |                        |                            |           |
| 3           | Infrastructure Investment Program - Billed Revenue               | N/A                  | \$ (12,196,097)        | N/A                        | CLC-7     |
| 4           |                                                                  |                      |                        |                            |           |
| 5           | Infrastructure Investment Program - Approved Rider to Base Rates | N/A                  | \$ 8,483,542           | N/A                        | CLC-8     |
| 6           |                                                                  |                      |                        |                            |           |
| 7           | Interruptible, Off-System Sales & SIM Adjustment                 | N/A                  | \$ (14,165,694)        | \$ (9,573,689)             | CLC-9     |
| 8           |                                                                  |                      |                        |                            |           |
| 9           | Customer Annualization                                           | \$ 185,246           | \$ 3,541,536           | \$ 1,455,709               | CLC-10    |
| 10          |                                                                  |                      |                        |                            |           |
| 11          | Sales from Post Test Year Plant Additions                        | \$ 66,902            | \$ 1,259,856           | \$ 574,407                 | CLC-12    |
| 12          |                                                                  |                      |                        |                            |           |
| 13          | Contract Changes                                                 | \$ 6,431,000         | \$ 13,379,395          | \$ 11,712,416              | CLC-13    |
| 14          |                                                                  |                      |                        |                            |           |
| 15          |                                                                  |                      |                        |                            |           |
| 16          |                                                                  |                      |                        |                            |           |
| 17          | <b>Total Revenue and Cost of Gas Adjustments</b>                 | <b>\$ 6,683,148</b>  | <b>\$ (24,645,031)</b> | <b>\$ 4,168,843</b>        |           |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**EET AND IIP RIDER ADJUSTMENTS**

| Line<br>No. |                                                             | 2025<br>Actual | 2025<br>Actual | 2025<br>Actual | 2025<br>Actual | 2025<br>Actual | 2025<br>Actual | 8&4<br>2025<br>Forecast | 8&4<br>2025<br>Forecast | 8&4<br>2025<br>Forecast | 2026<br>Budget | 2026<br>Budget | 2026<br>Budget |               |
|-------------|-------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------|-------------------------|-------------------------|----------------|----------------|----------------|---------------|
|             |                                                             | April          | May            | June           | July           | August         | September      | October                 | November                | December                | January        | February       | March          | TOTAL         |
| 1           | EET Revenue Adjustment                                      | \$ 1,823,192   | \$ 1,923,047   | \$ 2,247,246   | \$ 1,980,770   | \$ 2,286,218   | \$ 2,235,760   | \$ 2,208,972            | \$ 2,252,286            | \$ 2,618,150            | \$ 1,736,035   | \$ 1,728,571   | \$ 1,907,323   | \$ 24,947,569 |
| 2           |                                                             |                |                |                |                |                |                |                         |                         |                         |                |                |                |               |
| 3           | EET O&M Expenses Adjustment                                 | \$ 179,792     | \$ 276,976     | \$ 502,057     | \$ 216,844     | \$ 455,991     | \$ 408,096     | \$ 355,149              | \$ 379,893              | \$ 717,895              | \$ 337,689     | \$ 328,059     | \$ 338,964     | \$ 4,497,404  |
| 4           |                                                             |                |                |                |                |                |                |                         |                         |                         |                |                |                |               |
| 5           | EET Amortization Adjustment                                 | \$ 744,062     | \$ 751,955     | \$ 825,272     | \$ 847,717     | \$ 892,314     | \$ 907,662     | \$ 920,933              | \$ 940,549              | \$ 963,295              | \$ 679,634     | \$ 715,667     | \$ 725,711     | \$ 9,914,770  |
| 6           |                                                             |                |                |                |                |                |                |                         |                         |                         |                |                |                |               |
| 7           | Infrastructure Investment Program<br>("IIP") Billed Revenue | \$ 804,068     | \$ 407,792     | \$ 273,846     | \$ 238,195     | \$ 226,866     | \$ 234,017     | \$ 373,602              | \$ 847,693              | \$ 1,954,851            | \$ 2,697,985   | \$ 2,328,070   | \$ 1,809,111   | \$ 12,196,097 |



**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**TRANSFER OF IIP REVENUES TO BASE RATES**

| Line No. | Filing Date                                                         | Docket Number                                                | 12 Months Ending | In-Service Capital * | Revenue Requirement |
|----------|---------------------------------------------------------------------|--------------------------------------------------------------|------------------|----------------------|---------------------|
| 1        | Approved 07/15/23                                                   | Docket. No. GR230402696, Dated 9-27-23 Effective on: 10-1-23 | Jun-23           | \$ 40,808,854        | \$ 4,261,936        |
| 2        | Approved 07/15/24                                                   | Docket. No. GR24040282, Dated 9-25-24 Effective on: 10-1-24  | Jun-24           | \$ 40,544,710        | \$ 4,221,606        |
| 3        |                                                                     |                                                              |                  |                      |                     |
| 4        | IIP Revenue Requirement Transferred from Tariff Rider to Base Rates |                                                              |                  | <u>\$ 81,353,565</u> | <u>\$ 8,483,542</u> |

\* Consists of Mains and Services, capped at a \$0.8 M mile, Independent Monitor costs, Methane Leak Survey costs and applicable AFUDC amounts.

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**INTERRUPTIBLE, OFF-SYSTEM SALES AND STORAGE INCENTIVE MECHANISM ADJUSTMENTS**

---

| Line<br>No. |                           | Test Year<br>Ending<br>3/31/2026 | Pro Forma<br>Adjustment<br>(Company Margin Share) | Adjusted Test Year |
|-------------|---------------------------|----------------------------------|---------------------------------------------------|--------------------|
| 1           | <b><u>Revenue</u></b>     |                                  |                                                   |                    |
| 2           | Interruptible             | \$ 2,550,796                     | \$ (382,619)                                      | \$ 2,168,177       |
| 3           | Off-System Sales          | \$ 91,887,165                    | \$ (13,783,075)                                   | \$ 78,104,090      |
| 4           | <b>Total Revenues</b>     | \$ 94,437,961                    | \$ (14,165,694)                                   | \$ 80,272,267      |
| 5           |                           |                                  |                                                   |                    |
| 6           | <b><u>Cost of Gas</u></b> |                                  |                                                   |                    |
| 7           | Interruptible             | \$ 1,081,181                     | \$ (162,177)                                      | \$ 919,004         |
| 8           | Off-System Sales          | \$ 59,743,409                    | \$ (8,961,511)                                    | \$ 50,781,898      |
| 9           | SIM                       | \$ 2,250,000                     | \$ (450,000)                                      | \$ 1,800,000       |
| 10          | <b>Total Cost of Gas</b>  | \$ 63,074,590                    | \$ (9,573,689)                                    | \$ 53,500,902      |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**CUSTOMER ANNUALIZATION**

| Line<br>No. |                                                 | Annualized            |                           |                           |
|-------------|-------------------------------------------------|-----------------------|---------------------------|---------------------------|
|             |                                                 | <u>Dt</u>             | <u>Revenue</u>            | <u>Cost of Gas</u>        |
| 1           | <b><u>Residential (RSG)</u></b>                 |                       |                           |                           |
| 2           |                                                 |                       |                           |                           |
| 3           | Heating Sales Service (480.11)                  | 117,843               | \$2,367,599               | \$922,932                 |
| 4           |                                                 |                       |                           |                           |
| 5           | Non-Heating Sales Service (480.12)              | <u>153</u>            | <u>\$3,503</u>            | <u>\$2,480</u>            |
| 6           |                                                 |                       |                           |                           |
| 7           | <b>Sub-Total</b>                                | <b>117,996</b>        | <b>\$2,371,102</b>        | <b>\$925,412</b>          |
| 8           |                                                 |                       |                           |                           |
| 9           |                                                 |                       |                           |                           |
| 10          | <b><u>General Service (GSG)</u></b>             |                       |                           |                           |
| 11          |                                                 |                       |                           |                           |
| 12          | Commercial Non-Heating Sales Service (481.21)   | 37                    | \$605                     | \$233                     |
| 13          |                                                 |                       |                           |                           |
| 14          | Commercial Heating Sales Service (481.31)       | 74,055                | \$1,244,419               | \$549,932                 |
| 15          |                                                 |                       |                           |                           |
| 16          | Industrial Heating Sales Service (481.32)       | (20)                  | (\$189)                   | (\$124)                   |
| 17          |                                                 |                       |                           |                           |
| 18          | Transportation Commercial Non-Heating (489.821) | (324)                 | (\$3,809)                 | (\$967)                   |
| 19          |                                                 |                       |                           |                           |
| 20          | Transportation Commercial Heating (489.831)     | (6,575)               | (\$71,632)                | (\$19,032)                |
| 21          |                                                 |                       |                           |                           |
| 22          | Transportation Industrial Heating (489.832)     | <u>76</u>             | <u>\$1,040</u>            | <u>\$255</u>              |
| 23          |                                                 |                       |                           |                           |
| 24          | <b>Sub-Total</b>                                | <b>67,250</b>         | <b>\$1,170,434</b>        | <b>\$530,297</b>          |
| 25          |                                                 |                       |                           |                           |
| 26          |                                                 |                       |                           |                           |
| 27          | <b>Total Adjustment</b>                         | <b><u>185,246</u></b> | <b><u>\$3,541,536</u></b> | <b><u>\$1,455,709</u></b> |

**Schedule CLC-11**  
**6&6**

**SOUTH JERSEY GAS COMPANY  
CUSTOMER COUNTS  
APRIL 2025 - MARCH 2026**

[illegible]

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**SALES FROM POST TEST YEAR UTILITY PLANT ADDITIONS**

---

| Line<br>No. |                                 | Dt            | Revenue             | Cost of Gas       |
|-------------|---------------------------------|---------------|---------------------|-------------------|
| 1           | Residential Heat                | 46,800        | \$ 906,550          | \$ 406,234        |
| 2           |                                 |               |                     |                   |
| 3           | Residential Non-Heat            | 2,537         | \$ 59,860           | \$ 24,399         |
| 4           |                                 |               |                     |                   |
| 5           | General Service Commercial Heat | 17,566        | \$ 293,447          | \$ 143,773        |
| 6           |                                 |               |                     |                   |
| 7           | <b>Pro-Forma Adjustment</b>     | <b>66,902</b> | <b>\$ 1,259,856</b> | <b>\$ 574,407</b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**EGS-LV CHANGES**

---

| Line<br>No. |                             | Annual DT Sales<br><u>Adjustment</u> | Annual Revenue<br><u>Adjustment</u> | Cost of Gas<br><u>Adjustment</u> |
|-------------|-----------------------------|--------------------------------------|-------------------------------------|----------------------------------|
| 1           |                             |                                      |                                     |                                  |
| 2           |                             |                                      |                                     |                                  |
| 3           | EGS-LV Customers            | 6,431,000                            | \$ 13,379,395                       | \$ 11,712,416                    |
| 4           |                             |                                      |                                     |                                  |
| 5           | <b>Pro Forma Adjustment</b> | <u><b>6,431,000</b></u>              | <u><b>\$ 13,379,395</b></u>         | <u><b>\$ 11,712,416</b></u>      |
| 6           |                             |                                      |                                     |                                  |
| 7           |                             |                                      |                                     |                                  |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**SUMMARY OF O&M AND AMORTIZATION ADJUSTMENTS**

| Line<br>No. |                                                           | <u>Amount</u>          | <u>Reference</u> |
|-------------|-----------------------------------------------------------|------------------------|------------------|
|             | <b><u>O&amp;M Expenses</u></b>                            |                        |                  |
| 1           | EET O&M Expenses Adjustment                               | \$ (4,497,404)         | CLC-7            |
| 2           |                                                           |                        |                  |
| 3           | EET Amortization Adjustment                               | \$ (9,914,770)         | CLC-7            |
| 4           |                                                           |                        |                  |
| 5           | Payroll Expense Adjustment                                | \$ 578,239             | CLC-15           |
| 6           |                                                           |                        |                  |
| 7           | Employee Benefits Expense Adjustment                      | \$ 682,363             | CLC-16           |
| 8           |                                                           |                        |                  |
| 9           | Allocated Service Company Costs                           | \$ 563,456             | CLC-17           |
| 10          |                                                           |                        |                  |
| 11          | Other O&M Adjustment                                      | \$ (7,476,428)         | CLC-18           |
| 12          |                                                           |                        |                  |
| 13          | Annual Benchmarking Expenses                              | \$ 72,456              | CLC-19           |
| 14          |                                                           |                        |                  |
| 15          | Automated Metering Technology (AMT) Annual Costs          | \$ 1,321,972           | CLC-24           |
| 16          |                                                           |                        |                  |
| 17          | Meter Reading Cost Adjustment                             | \$ (1,061,897)         | CLC-25           |
| 18          |                                                           |                        |                  |
| 19          | Savings Adjustments                                       | \$ (1,496,866)         | CLC-26           |
| 20          |                                                           |                        |                  |
| 21          | Hydrogen Facility Costs                                   | \$ 125,400             | CLC-27           |
| 22          |                                                           |                        |                  |
| 25          | Inflation Adjustment                                      | \$ 1,886,477           | CLC-28           |
| 26          |                                                           |                        |                  |
| 27          | Endur Allocation from SJI Energy Enterprises Group (SJES) | \$ 214,654             | JLH-5            |
| 28          |                                                           |                        |                  |
| 29          | Facility Expense Adjustment                               | \$ 97,368              | JLH-10           |
| 30          |                                                           |                        |                  |
| 31          | Pension/OPEB Expense                                      | \$ 23,253              | JLH-11           |
| 32          |                                                           |                        |                  |
| 33          | <b><u>Regulatory Amortizations</u></b>                    |                        |                  |
| 34          | Deferred Benchmarking Cost Amortizations                  | \$ 67,584              | CLC-19           |
| 35          |                                                           |                        |                  |
| 36          | Excess Deferred Income Tax Over-Refund Amortization       | \$ 144,979             | CLC-20           |
| 37          |                                                           |                        |                  |
| 38          | Rate Case Expense Amortization                            | \$ 249,900             | CLC-21           |
| 39          |                                                           |                        |                  |
| 40          | Pipeline Integrity Management Amortization                | \$ 4,689,025           | CLC-22           |
| 41          |                                                           |                        |                  |
| 42          | Non-Pipeline Alternatives Program Study Cost Amortization | \$ 109,575             | CLC-23           |
| 43          |                                                           |                        |                  |
| 44          | <b><u>Other Amortizations</u></b>                         |                        |                  |
| 45          | Pension/OPEB Amortization                                 | \$ (554,731)           | JLH-11           |
| 46          |                                                           |                        |                  |
| 47          | <b>Total O&amp;M and Amortization Adjustments</b>         | <b>\$ (14,175,394)</b> |                  |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**PAYROLL EXPENSE**

---

Line  
No.

|    |                                                              |                          |  |
|----|--------------------------------------------------------------|--------------------------|--|
| 1  | <b><u>Payroll Expenses:</u></b>                              |                          |  |
| 2  |                                                              |                          |  |
| 3  | Annualized Payroll Expenses (Salary, AIP, Stock Awards)      | \$ 22,551,415            |  |
| 4  | Post Test Year Salary Increase (3%)                          | <u>\$ 569,057</u>        |  |
| 5  | Total Adjusted Payroll Expenses                              | \$ 23,120,472            |  |
| 6  |                                                              |                          |  |
| 7  | Less: Test Year Payroll Expenses (Salary, AIP, Stock Awards) | \$ 22,542,233            |  |
| 8  |                                                              |                          |  |
| 9  | Pro Forma Payroll Adjustment                                 | \$ 578,239               |  |
| 10 |                                                              |                          |  |
| 11 | Payroll Tax Adjustment (9%)                                  | \$ 52,042                |  |
| 12 |                                                              |                          |  |
| 13 | <b>Total Pro Forma Payroll Adjustment</b>                    | <b><u>\$ 630,281</u></b> |  |



**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**EMPLOYEE BENEFITS EXPENSE**

---

Line  
No.

|   |                                             |    |                                 |
|---|---------------------------------------------|----|---------------------------------|
| 1 | <b><u>Employee Benefits Expenses:</u></b>   |    |                                 |
| 2 |                                             |    |                                 |
| 3 | Annualized Employee Benefits Expense        | \$ | 7,317,092                       |
| 4 | Post Test Year Employee Benefits Adjustment | \$ | 123,590                         |
| 5 | Total Adjusted Employee Benefits Expense    | \$ | 7,440,682                       |
| 6 |                                             |    |                                 |
| 7 | Less: Test Year Employee Benefits Expense   | \$ | 6,758,319                       |
| 8 |                                             |    |                                 |
| 9 | <b>Pro Forma Benefits Adjustment</b>        |    | <b><u><u>\$ 682,363</u></u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**ALLOCATED SERVICE COMPANY SALARIES & BENEFITS EXPENSE**

---

Line  
No.

|   |                                                                           |                     |                                 |
|---|---------------------------------------------------------------------------|---------------------|---------------------------------|
| 1 | <b><u>Allocated Service Company Salaries &amp; Benefits Expenses:</u></b> |                     |                                 |
| 2 |                                                                           |                     |                                 |
| 3 | Annualized Expenses                                                       | \$ 5,266,329        |                                 |
| 4 | Post Test Year Adjustment                                                 | \$ -                |                                 |
| 5 | Total Adjusted Expense                                                    | <u>\$ 5,266,329</u> |                                 |
| 6 |                                                                           |                     |                                 |
| 7 | Less: Test Year Expenses                                                  | <u>\$ 4,702,873</u> |                                 |
| 8 |                                                                           |                     |                                 |
| 9 | <b>Pro Forma Allocated Expense Adjustment</b>                             |                     | <b><u><u>\$ 563,456</u></u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**OTHER ANNUALIZED O&M EXPENSES**

---

**Line**  
**No.**

---

**Management Service Fee Expense (SJI & SJIU), Non-Recoverable Amounts**

|   |                                 |    |                                 |
|---|---------------------------------|----|---------------------------------|
| 1 |                                 |    |                                 |
| 2 | Membership Dues & Subscriptions | \$ | (1,034,224)                     |
| 3 | Conferences and Seminars        | \$ | (346,522)                       |
| 4 | Entertainment Non-Deductible    | \$ | (27,050)                        |
| 5 | Meals and Entertainment         | \$ | (295,312) <u>\$ (1,703,108)</u> |

6

**Company Expense, Non-Recoverable Amounts**

|    |                                         |    |                                   |
|----|-----------------------------------------|----|-----------------------------------|
| 7  |                                         |    |                                   |
| 8  | 51350 - Membership Dues & Subscriptions | \$ | (134,822)                         |
| 9  | 51410 - Charitable Contributions        | \$ | (574,403)                         |
| 10 | 51420 - Entertainment                   | \$ | (258,883)                         |
| 11 | 51390 - Conversion Marketing            | \$ | (1,063,740) <u>\$ (2,031,847)</u> |

12

**Annualization of Management Service Fees**

|    |                                           |    |                                   |
|----|-------------------------------------------|----|-----------------------------------|
| 13 |                                           |    |                                   |
| 14 | Adjustment to Forecasted Annualized Total | \$ | (3,741,473) <u>\$ (3,741,473)</u> |

15

16

|    |                                   |  |                              |
|----|-----------------------------------|--|------------------------------|
| 13 | <b>Total Pro-Forma Adjustment</b> |  | <u><u>\$ (7,476,428)</u></u> |
|----|-----------------------------------|--|------------------------------|

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**ENERGY BENCHMARKING OF COMMERCIAL BUILDINGS EXPENSE**

---

| Line<br>No. |                                                                   |                          |
|-------------|-------------------------------------------------------------------|--------------------------|
| 1           | <b><u>Energy Benchmarking of Commercial Buildings Expense</u></b> |                          |
| 2           |                                                                   |                          |
| 3           | Balance as of September 30, 2025                                  | \$ 130,297               |
| 4           | March 2026 Invoice Deferral                                       | \$ 72,456                |
| 5           | Total Deferral as of March 31, 2026                               | <u>\$ 202,753</u>        |
| 6           | Proposed Amortization Period                                      | <u>3</u>                 |
| 7           | Annual Amortization                                               | \$ 67,584                |
| 8           |                                                                   |                          |
| 9           | Annual Expenses                                                   | \$ 72,456                |
| 10          |                                                                   |                          |
| 11          | <b>Pro-Forma Adjustment</b>                                       | <u><u>\$ 140,041</u></u> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**EXCESS DEFERRED INCOME TAX ("EDIT") OVER-REFUND AMORTIZATION**

---

| <b>Line<br/>No.</b> |                                                  |           |                              |
|---------------------|--------------------------------------------------|-----------|------------------------------|
| 1                   | <b>Over-Refunded Amount of EDIT Amortization</b> |           |                              |
| 2                   |                                                  |           |                              |
| 3                   | Over-Refunded Amount                             | \$        | 434,937                      |
| 4                   |                                                  |           |                              |
| 5                   | 3-year Amortization Period                       |           | <u>3</u>                     |
| 6                   |                                                  |           |                              |
| 7                   | <b>Pro-Forma Adjustment</b>                      | <b>\$</b> | <b><u><u>144,979</u></u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**RATE CASE EXPENSES**

| <b>Line<br/>No.</b> | <b>Category</b>                                       | <b>Expense</b>           |
|---------------------|-------------------------------------------------------|--------------------------|
| 1                   | Legal Expenses                                        | \$ 900,000               |
| 2                   |                                                       |                          |
| 3                   | Consultant Expenses                                   | \$ 427,000               |
| 4                   |                                                       |                          |
| 5                   | Newspaper Notices                                     | \$ 1,000                 |
| 6                   |                                                       |                          |
| 7                   | Court Reporting                                       | \$ 700                   |
| 8                   |                                                       |                          |
| 9                   | Postage                                               | \$ 500                   |
| 10                  |                                                       |                          |
| 11                  | Office Supplies                                       | \$ 200                   |
| 12                  |                                                       |                          |
| 13                  | Miscellaneous Expenses                                | \$ -                     |
| 14                  |                                                       |                          |
| 15                  | Contingency/Rebuttal Witnesses                        | \$ 170,000               |
| 16                  |                                                       |                          |
| 17                  | Total Rate Case Expenses                              | <u>\$ 1,499,400</u>      |
| 18                  |                                                       |                          |
| 19                  |                                                       | 50% \$ 749,700           |
| 20                  |                                                       |                          |
| 21                  | <b>Pro Forma Adjustment - Three Year Amortization</b> | <u><b>\$ 249,900</b></u> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**PIPELINE INTEGRITY MANAGEMENT EXPENSE**

---

| <b>Line<br/>No.</b> |                                                                           | <b>Expense</b>       |
|---------------------|---------------------------------------------------------------------------|----------------------|
| 1                   | Pipeline Integrity Management Deferred Balance at March 31, 2026          | <u>\$ 14,067,076</u> |
| 2                   |                                                                           |                      |
| 3                   | <b>Pro-Forma Adjustment - Three Year Amortization of Deferred Expense</b> | <b>\$ 4,689,025</b>  |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**NON-PIPELINE ALTERNATIVE PROGRAM COST AMORTIZATION**

| <b>Line<br/>No.</b> |                                                              |                          |
|---------------------|--------------------------------------------------------------|--------------------------|
|                     | <b><u>Non-Pipeline Alternative Program Requirement *</u></b> |                          |
| 1                   |                                                              |                          |
| 2                   | Total Deferral as of March 31, 2025                          | \$ 328,725               |
| 3                   |                                                              |                          |
| 4                   | 3-year Amortization Period                                   | <u>3</u>                 |
| 5                   |                                                              |                          |
| 6                   | <b>Pro-Forma Adjustment</b>                                  | <b><u>\$ 109,575</u></b> |

\* Per the Board's Order in the IIF Merger dated January 25, 2023



**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**ANNUAL EXPENSES RELATED TO AUTOMATED METERING TECHNOLOGY ("AMT")**

Line  
No.

|   |                                              |    |                                   |
|---|----------------------------------------------|----|-----------------------------------|
| 1 | <b><u>Annual Expenses Related to AMT</u></b> |    |                                   |
| 2 |                                              |    |                                   |
| 3 | Annualized Expenses                          | \$ | 1,826,763                         |
| 4 |                                              |    |                                   |
| 5 | Less: Test Year Amounts                      | \$ | <u>504,791</u>                    |
| 6 |                                              |    |                                   |
| 7 | <b>Pro-Forma Adjustment</b>                  |    | <b><u><u>\$ 1,321,972</u></u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**ANNUAL EXPENSES RELATED TO METER READING**

---

Line  
No.

|   |                                                        |    |                                     |
|---|--------------------------------------------------------|----|-------------------------------------|
| 1 | <b><u>Annual Expenses Related to Meter Reading</u></b> |    |                                     |
| 2 |                                                        |    |                                     |
| 3 | Annualized Expenses                                    | \$ | 452,208                             |
| 4 |                                                        |    |                                     |
| 5 | Less: Test Year Amounts                                | \$ | <u>1,514,105</u>                    |
| 6 |                                                        |    |                                     |
| 7 | <b>Pro-Forma Adjustment</b>                            |    | <b><u><u>\$ (1,061,897)</u></u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**ANNUALIZED SAVINGS ADJUSTMENTS**

---

| Line<br>No. |                                                       |     |                              |
|-------------|-------------------------------------------------------|-----|------------------------------|
| 1           | SJI Non-Union Voluntary Retirement Program ("VRP")    | (a) | \$ -                         |
| 2           | SJG Union Voluntary Retirement Program ("VRP")        |     | \$ (550,000)                 |
| 3           |                                                       |     |                              |
| 4           |                                                       |     | <u>\$ (550,000)</u>          |
| 5           |                                                       |     |                              |
| 6           | Less: Test Year Amounts                               |     | <u>\$ -</u>                  |
| 7           |                                                       |     |                              |
| 8           | <b>Adjusted Savings</b>                               |     | <b>\$ (550,000)</b>          |
| 9           |                                                       |     |                              |
| 10          | <b>Remove VRP-Related One-Time Costs in Test Year</b> |     | <b>\$ (946,866)</b>          |
| 11          |                                                       |     |                              |
| 12          | <b>Pro Forma Annualized Savings Adjustment</b>        |     | <b><u>\$ (1,496,866)</u></b> |

(a) Amount is included in Management Service Fee adjustment on Schedule CLC-18

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**ANNUAL HYDROGEN FACILITY COSTS**

---

| <b>Line<br/>No.</b> |                                              |                          |
|---------------------|----------------------------------------------|--------------------------|
| 1                   | <b><u>Annual Hydrogen Facility Costs</u></b> |                          |
| 2                   |                                              |                          |
| 3                   | Annualized Amount                            | \$ 281,800               |
| 4                   |                                              |                          |
| 5                   | Less: Test Year Amounts                      | <u>\$ 156,400</u>        |
| 6                   |                                              |                          |
| 7                   | <b>Pro-Forma Adjustment</b>                  | <b><u>\$ 125,400</u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**O&M INFLATION ADJUSTMENT**

| <u>Line<br/>No.</u> | <u>Description</u>                                                        | <u>Index</u>               |
|---------------------|---------------------------------------------------------------------------|----------------------------|
| 1                   | <u>Calculation of Inflation Rate</u>                                      |                            |
| 2                   |                                                                           |                            |
| 3                   | GDP Implicit Price Deflator Index Value at the Midpoint of the Test Year: |                            |
| 4                   | September 2025 Index-GDP                                                  | 129.6                      |
| 5                   | October 2025 Index-GDP                                                    | 130.1                      |
| 6                   | Midpoint Average                                                          | <u>129.9</u>               |
| 7                   |                                                                           |                            |
| 8                   | GDP Implicit Price Deflator Index Value at the End of the Post-Test Year: |                            |
| 9                   | November 2026 Index-GDP                                                   | 133.6                      |
| 10                  | December 2026 Index-GDP                                                   | 133.8                      |
| 11                  | Midpoint Average                                                          | <u>133.7</u>               |
| 12                  |                                                                           |                            |
| 13                  | Projected Inflation Rate                                                  | 2.96%                      |
| 14                  |                                                                           |                            |
| 15                  | <u>Calculation of O&amp;M Inflation Adjustment</u>                        |                            |
| 16                  |                                                                           |                            |
| 17                  | Post Test Year Total O&M Expenses                                         | \$ 112,722,387             |
| 18                  |                                                                           |                            |
| 19                  | Less: Normalizing Adjustments                                             |                            |
| 20                  | (a) Annualization of Payroll                                              | \$ 22,551,415              |
| 21                  | (b) Annualization of Benefits                                             | \$ 7,317,092               |
| 22                  | (c) Annualization of Allocated Service Company Costs                      | \$ 5,266,329               |
| 23                  | Total Normalizing Adjustments                                             | <u>\$ 35,134,835</u>       |
| 24                  |                                                                           |                            |
| 25                  | Less: Items Not Subject to Inflation                                      |                            |
| 26                  | (a) Uncollectible Expenses                                                | \$ 12,770,822              |
|                     | (b) Pension/OPEB Expense                                                  | \$ 1,191,014               |
| 27                  | Total Items Not Subject to Inflation                                      | <u>\$ 13,961,836</u>       |
| 28                  |                                                                           |                            |
| 29                  | Residual O&M Expenses                                                     | \$ 63,625,716              |
| 30                  |                                                                           |                            |
| 31                  | Inflation Rate                                                            | 2.96%                      |
| 32                  |                                                                           |                            |
| 33                  | <b>Pro Forma Adjustment to O&amp;M Expense</b>                            | <u><u>\$ 1,886,477</u></u> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**OTHER EXPENSES - REVENUE TAXES**

---

Line  
No.

---

|    |                                           |                           |
|----|-------------------------------------------|---------------------------|
| 1  | <b><u>PUA Adjustments</u></b>             |                           |
| 2  |                                           |                           |
| 3  | EET Rider Adjustment                      | \$ (24,947,569)           |
| 4  |                                           |                           |
| 5  | Interruptible Sales Revenue Adjustment    | \$ (382,619)              |
| 6  |                                           |                           |
| 7  | Customer Annualization                    | \$ 3,541,536              |
| 8  |                                           |                           |
| 9  | Sales from Post Test Year Plant Additions | \$ 1,259,856              |
| 10 |                                           |                           |
| 11 | Contract Changes                          | \$ 13,379,395             |
| 12 |                                           |                           |
| 13 | Total Revenue Adjustment                  | <u>\$ (7,149,401)</u>     |
| 14 |                                           |                           |
| 15 | PUA Tax Rate                              | <u>0.271905%</u>          |
| 16 |                                           |                           |
| 17 | <b>Pro Forma Adjustment to PUA Taxes</b>  | <b><u>\$ (19,440)</u></b> |

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**OTHER EXPENSES - PUA EXPENSE ADJUSTMENT**

| Line<br>No.                                                 | BPU<br>Assessment  | Ratepayer Advocate<br>Assessment | Total              |
|-------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| 1 Intrastate Revenues*                                      | \$ 657,118,266     | \$ 657,118,266                   |                    |
| 2 Estimated Assessment Rate (%)                             | 0.220682%          | 0.051223%                        | 0.271905%          |
| 3                                                           |                    |                                  |                    |
| 4 Estimated Assessment                                      | \$ 1,450,144       | \$ 336,593                       | \$ 1,786,737       |
| 5                                                           |                    |                                  |                    |
| 6 Less: Assessment included in Test Year Operating Expenses | \$ 1,475,887       | \$ 349,707                       | \$ 1,825,594       |
| 7                                                           |                    |                                  |                    |
| 8 <b>Pro Forma Adjustment to PUA Taxes</b>                  | <b>\$ (25,743)</b> | <b>\$ (13,114)</b>               | <b>\$ (38,857)</b> |

Schedule CLC-30.1  
6&6SOUTH JERSEY GAS COMPANY  
LEAD-LAG STUDY  
WORKING CAPITAL REQUIREMENT  
TEST YEAR

| Line No. | Description                                    | Test Year Expenses | Average Daily Expenses | Revenue Lag | Expense Lag | Net (Lead)/Lag Days | Working Capital Requirement |
|----------|------------------------------------------------|--------------------|------------------------|-------------|-------------|---------------------|-----------------------------|
| 1        | Operations and Maintenance Expenses            |                    |                        |             |             |                     |                             |
| 2        | Purchased Gas Costs                            | \$ 264,676,443     | \$ 725,141             | 61.67       | (37.67)     | 24.00               | \$ 17,403,383               |
| 3        | Regular Payroll                                | \$ 18,792,980      | \$ 51,488              | 61.67       | (11.96)     | 49.71               | \$ 2,559,449                |
| 4        | Variable Compensation                          | \$ 3,749,253       | \$ 10,272              | 61.67       | (235.87)    | (174.20)            | \$ (1,789,370)              |
| 5        | Pension                                        | \$ 1,722,492       | \$ 4,719               | 61.67       | (2.41)      | 59.26               | \$ 279,657                  |
| 6        | Employee Benefits                              | \$ 6,758,319       | \$ 18,516              | 61.67       | (45.55)     | 16.12               | \$ 298,477                  |
| 7        | Uncollectible Accounts Expense                 | \$ 10,729,400      | \$ 29,396              | 61.67       | (945.29)    | (883.62)            | \$ (25,974,555)             |
| 8        | Affiliate Services                             | \$ 46,244,417      | \$ 126,697             | 61.67       | (40.36)     | 21.31               | \$ 2,699,914                |
| 9        | New Jersey Clean Energy Program                | \$ 10,741,492      | \$ 29,429              | 61.67       | (105.30)    | (43.63)             | \$ (1,283,976)              |
| 10       | Utility Location Markout Services              | \$ 4,557,076       | \$ 12,485              | 61.67       | (53.65)     | 8.02                | \$ 100,131                  |
| 11       | Bank Service Fees                              | \$ 1,589,828       | \$ 4,356               | 61.67       | (11.60)     | 50.07               | \$ 218,090                  |
| 12       | Motor Vehicle                                  | \$ 1,809,683       | \$ 4,958               | 61.67       | (15.78)     | 45.89               | \$ 227,524                  |
| 13       | Meter Reading Services                         | \$ 1,514,105       | \$ 4,148               | 61.67       | (45.00)     | 16.67               | \$ 69,151                   |
| 14       | Insurance                                      | \$ 2,276,200       | \$ 6,236               | 61.67       | 0.00        | 61.67               | \$ 384,584                  |
| 15       | Other O&M Expenses                             | \$ 20,205,878      | \$ 55,359              | 61.67       | (41.05)     | 20.62               | \$ 1,141,494                |
| 16       | Total O&M Expenses                             | \$ 395,367,566     |                        |             |             |                     | \$ (3,666,047)              |
| 17       |                                                |                    |                        |             |             |                     |                             |
| 18       | Other Income & Expense                         | \$ (2,950,221)     | \$ (8,083)             | 61.67       | (61.67)     | 0.00                | -                           |
| 19       |                                                |                    |                        |             |             |                     |                             |
| 20       | Income Taxes                                   |                    |                        |             |             |                     |                             |
| 21       | Excess Deferred Tax Amortization               | \$ -               | \$ -                   | 61.67       | 0.00        | 61.67               | \$ -                        |
| 22       | Federal Income Taxes                           | \$ 27,968,929      | \$ 76,627              | 61.67       | (37.50)     | 24.17               | \$ 1,852,079.48             |
| 23       | State Income Tax                               | \$ 13,172,180      | \$ 36,088              | 61.67       | 46.75       | 108.42              | \$ 3,912,678.77             |
| 24       | Total Federal Income Taxes                     | \$ 41,141,109      |                        |             |             |                     | \$ 5,764,758.25             |
| 25       |                                                |                    |                        |             |             |                     |                             |
| 26       | Taxes Other Than Income Taxes                  |                    |                        |             |             |                     |                             |
| 27       | PUA and Ratepayer Advocate                     | \$ 1,825,594       | \$ 5,002               | 61.67       | (75.87)     | (14.20)             | \$ (71,023)                 |
| 28       | Other Taxes Other Than Income Taxes            | \$ 5,215,046       | \$ 14,288              | 61.67       | (35.86)     | 25.81               | \$ 368,768                  |
| 29       | Taxes Other Than Income Taxes                  | \$ 7,040,640       |                        |             |             |                     | \$ 297,745                  |
| 30       |                                                |                    |                        |             |             |                     |                             |
| 31       | Depreciation and Amortization Expense          | \$ 111,090,039     | \$ 304,356             | 61.67       | 0.00        | 61.67               | \$ 18,769,651               |
| 32       |                                                |                    |                        |             |             |                     |                             |
| 33       | Amortization of Regulatory Programs            | \$ 71,586,818      | \$ 196,128             | 61.67       | (61.67)     | 0.00                | \$ -                        |
| 34       |                                                |                    |                        |             |             |                     |                             |
| 35       | Interest Expense                               |                    |                        |             |             |                     |                             |
| 36       | Interest on Long-Term Debt                     | \$ 69,355,074      | \$ 190,014             | 61.67       | 0.00        | 61.67               | \$ 11,718,157               |
| 37       | Interest on Short-Term Debt                    | -                  | -                      | 61.67       | 0.00        | 61.67               | \$ -                        |
| 38       | Interest on Customer Deposits                  | \$ 251,846         | \$ 690                 | 61.67       | (260.89)    | (199.22)            | \$ (137,460)                |
| 39       | Total Interest Expense                         | \$ 69,606,920      |                        |             |             |                     | \$ 11,580,698               |
| 40       |                                                |                    |                        |             |             |                     |                             |
| 41       | Return                                         | \$ 110,604,007     | \$ 303,025             | 61.67       | 0.00        | 61.67               | \$ 18,687,532               |
| 42       | Other Working Capital Requirements / (Sources) |                    |                        |             |             |                     |                             |
| 43       | Employee Deductions                            |                    |                        |             |             |                     | \$ 261,280                  |
| 44       | Cash Balance                                   |                    |                        |             |             |                     | \$ 1,958,315                |
| 45       | Working Funds                                  |                    |                        |             |             |                     | \$ 1,850                    |
| 46       | General Prepayments                            |                    |                        |             |             |                     | \$ 7,819,254                |
| 47       | Prepaid Energy Sales and Use Tax               |                    |                        |             |             |                     | \$ 10,675,866               |
| 48       | USF/Lifeline Reserve                           |                    |                        |             |             |                     | \$ (429,363)                |
| 49       | Prepaid Pension                                |                    |                        |             |             |                     | \$ 34,381,346               |
| 50       | Prepaid Postretirement Healthcare              |                    |                        |             |             |                     | \$ 40,844,590               |
| 51       | Accrued Invoiced Related to Plant              |                    |                        |             |             |                     | \$ (54,384,298)             |
| 52       | Accrued Payroll Related to Plant               |                    |                        |             |             |                     | \$ 2,791,453                |
| 53       | Vacation Accrual Reserve                       |                    |                        |             |             |                     | \$ (1,094,193)              |
| 54       | Uninsured Risk Reserve                         |                    |                        |             |             |                     | \$ (615,942)                |
| 55       | Marketer Payment Reserve                       |                    |                        |             |             |                     | \$ 1,485,500                |
| 56       | Total Other Working Capital                    |                    |                        |             |             |                     | \$ 43,695,658               |
| 57       |                                                |                    |                        |             |             |                     |                             |
| 58       | Total                                          | \$ 803,486,878     |                        |             |             |                     | \$ 95,129,995               |



Schedule CLC-30.2  
6&6

**SOUTH JERSEY GAS COMPANY  
LEAD-LAG STUDY  
WORKING CAPITAL REQUIREMENT  
POST TEST YEAR**

| Line No. | Description                                    | Adjusted Test Year Expenses | Average Daily Expenses | Revenue Lag | Expense Lag | Net (Lead)/Lag Days | Working Capital Requirement |
|----------|------------------------------------------------|-----------------------------|------------------------|-------------|-------------|---------------------|-----------------------------|
| 1        | Operations and Maintenance Expenses            |                             |                        |             |             |                     |                             |
| 2        | Purchased Gas Costs                            | \$ 268,845,286              | \$ 736,562             | 61.67       | (37.67)     | 24.00               | \$ 17,677,498               |
| 3        | Regular Payroll                                | \$ 17,874,353               | \$ 48,971              | 61.67       | (11.96)     | 49.71               | \$ 2,434,340                |
| 4        | Variable Compensation                          | \$ 3,749,253                | \$ 10,272              | 61.67       | (235.87)    | (174.20)            | \$ (1,789,370)              |
| 5        | Pension                                        | \$ 1,191,014                | \$ 3,263               | 61.67       | (2.41)      | 59.26               | \$ 193,368                  |
| 6        | Employee Benefits                              | \$ 7,440,682                | \$ 20,385              | 61.67       | (45.55)     | 16.12               | \$ 328,613                  |
| 7        | Uncollectible Accounts Expense                 | \$ 11,644,855               | \$ 31,904              | 61.67       | (945.29)    | (883.62)            | \$ (28,190,759)             |
| 8        | Affiliate Services                             | \$ 46,807,873               | \$ 128,241             | 61.67       | (40.36)     | 21.31               | \$ 2,732,810                |
| 9        | New Jersey Clean Energy Program                | \$ 10,741,492               | \$ 29,429              | 61.67       | (105.30)    | (43.63)             | \$ (1,283,976)              |
| 10       | Utility Location Markout Services              | \$ 4,557,076                | \$ 12,485              | 61.67       | (53.65)     | 8.02                | \$ 100,131                  |
| 11       | Bank Service Fees                              | \$ 1,589,828                | \$ 4,356               | 61.67       | (11.60)     | 50.07               | \$ 218,090                  |
| 12       | Motor Vehicle                                  | \$ 1,809,683                | \$ 4,958               | 61.67       | (15.78)     | 45.89               | \$ 227,524                  |
| 13       | Meter Reading Services                         | \$ 452,208                  | \$ 1,239               | 61.67       | (45.00)     | 16.67               | \$ 20,653                   |
| 14       | Insurance                                      | \$ 2,276,200                | \$ 6,236               | 61.67       | 0.00        | 61.67               | \$ 384,584                  |
| 15       | Other O&M Expenses                             | \$ 2,285,215                | \$ 6,261               | 61.67       | (41.05)     | 20.62               | \$ 129,099                  |
| 16       | <b>Total O&amp;M Expenses</b>                  | <b>\$ 381,265,018</b>       |                        |             |             |                     | <b>\$ (6,817,394)</b>       |
| 17       |                                                |                             |                        |             |             |                     |                             |
| 18       | Other Income & Expense                         | \$ (2,950,221)              | \$ (8,083)             | 61.67       | (61.67)     | 0.00                | -                           |
| 19       |                                                |                             |                        |             |             |                     |                             |
| 20       | Income Taxes                                   |                             |                        |             |             |                     |                             |
| 21       | Excess Deferred Tax Amortization               | \$ (1,338,569)              | \$ (3,667)             | 61.67       | 0.00        | 61.67               | \$ (226,163)                |
| 22       | Federal Income Taxes                           | \$ 40,798,779               | \$ 111,777             | 61.67       | (37.50)     | 24.17               | \$ 2,701,662                |
| 23       | State Income Tax                               | \$ 19,214,496               | \$ 52,642              | 61.67       | 46.75       | 108.42              | \$ 5,707,495                |
| 24       | <b>Total Income Taxes</b>                      | <b>\$ 58,674,706</b>        |                        |             |             |                     | <b>\$ 8,182,993</b>         |
| 25       |                                                |                             |                        |             |             |                     |                             |
| 26       | Taxes Other Than Income Taxes                  |                             |                        |             |             |                     |                             |
| 27       | PUA and Ratepayer Advocate                     | \$ 2,028,737                | \$ 5,558               | 61.67       | (75.87)     | (14.20)             | \$ (78,926)                 |
| 28       | Other Taxes Other Than Income Taxes            | \$ 5,005,647                | \$ 13,714              | 61.67       | (35.86)     | 25.81               | \$ 353,961                  |
| 29       | <b>Taxes Other Than Income Taxes</b>           | <b>\$ 7,034,385</b>         |                        |             |             |                     | <b>\$ 275,035</b>           |
| 30       |                                                |                             |                        |             |             |                     |                             |
| 31       | Depreciation and Amortization Expense          | \$ 111,850,894              | \$ 306,441             | 61.67       | 0.00        | 61.67               | \$ 18,898,204               |
| 32       |                                                |                             |                        |             |             |                     |                             |
| 33       | Amortization of Regulatory Programs            | \$ 76,847,881               | \$ 210,542             | 61.67       | (61.67)     | 0.00                | \$ -                        |
| 34       |                                                |                             |                        |             |             |                     |                             |
| 35       | Interest Expense                               |                             |                        |             |             |                     |                             |
| 36       | Interest on Long-Term Debt                     | \$ 65,835,393               | \$ 180,371             | 61.67       | 0.00        | 61.67               | \$ 11,123,476               |
| 37       | Interest on Short-Term Debt                    | \$ -                        | \$ -                   | 61.67       | 0.00        | 61.67               | \$ -                        |
| 38       | Interest on Customer Deposits                  | \$ 175,182                  | \$ 480                 | 61.67       | (260.89)    | (199.22)            | \$ (95,616)                 |
| 39       | <b>Total Interest Expense</b>                  | <b>\$ 66,010,575</b>        |                        |             |             |                     | <b>\$ 11,027,860</b>        |
| 40       |                                                |                             |                        |             |             |                     |                             |
| 41       | Return                                         | \$ 166,045,018              | \$ 454,918             | 61.67       | 0.00        | 61.67               | \$ 28,054,784               |
| 42       |                                                |                             |                        |             |             |                     |                             |
| 43       | Other Working Capital Requirements / (Sources) |                             |                        |             |             |                     |                             |
| 44       | Employee Deductions                            |                             |                        |             |             |                     | \$ 261,280                  |
| 45       | Cash Balance                                   |                             |                        |             |             |                     | \$ 1,958,315                |
| 46       | Working Funds                                  |                             |                        |             |             |                     | \$ 1,850                    |
| 47       | General Prepayments                            |                             |                        |             |             |                     | \$ 7,819,254                |
| 48       | Prepaid Energy Sales and Use Tax               |                             |                        |             |             |                     | \$ 10,675,866               |
| 49       | USF/Lifeline Reserve                           |                             |                        |             |             |                     | \$ (429,363)                |
| 50       | Prepaid Pension                                |                             |                        |             |             |                     | \$ 34,381,346               |
| 51       | Prepaid Postretirement Healthcare              |                             |                        |             |             |                     | \$ 40,844,590               |
| 52       | Accrued Invoiced Related to Plant              |                             |                        |             |             |                     | \$ (54,384,298)             |
| 53       | Accrued Payroll Related to Plant               |                             |                        |             |             |                     | \$ 2,791,453                |
| 54       | Vacation Accrual Reserve                       |                             |                        |             |             |                     | \$ (1,094,193)              |
| 55       | Uninsured Risk Reserve                         |                             |                        |             |             |                     | \$ (615,942)                |
| 56       | Marketer Payment Reserve                       |                             |                        |             |             |                     | \$ 1,485,500                |
| 57       | <b>Total Other Working Capital</b>             |                             |                        |             |             |                     | <b>\$ 43,695,658</b>        |
| 58       |                                                |                             |                        |             |             |                     |                             |
| 59       | After-Tax Ratemaking Adjustments               | \$ (11,225,322)             | \$ (30,754)            | 0.00        | 0.00        | 0.00                | -                           |
| 60       |                                                |                             |                        |             |             |                     |                             |
| 61       | <b>Total Working Capital Requirement</b>       | <b>\$ 853,552,934</b>       | <b>\$ 933,064</b>      |             |             |                     | <b>\$ 103,317,141</b>       |

Schedule CLC-31  
6&6

**SOUTH JERSEY GAS COMPANY**  
**INVENTORIES AND MATERIALS & SUPPLIES**  
**AS OF SEPTEMBER 30, 2025**

| Line No. |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
|----------|------------------------------------------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------------------------|-----------------|---------------------------------------|-----------------|-----------------|----------------------|---------------|
| 1        | <b>Natural Gas</b>                                               |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 2        |                                                                  | <u>Actual</u> | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>                              | <u>Actual</u>   | <u>Actual</u>                         | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>        | 13 Month      |
| 3        |                                                                  | Sep-24        | Oct-24          | Nov-24          | Dec-24          | Jan-25          | Feb-25          | Mar-25          | Apr-25                                     | May-25          | Jun-25                                | Jul-25          | Aug-25          | Sep-25               | AVERAGE       |
| 4        | Actual - As of September 2025                                    | \$ 11,596,957 | \$ 13,000,218   | \$ 12,540,890   | \$ 10,620,963   | \$ 6,937,717    | \$ 4,276,460    | \$ 3,405,608    | \$ 6,625,537                               | \$ 9,055,600    | \$ 11,345,109                         | \$ 13,220,188   | \$ 15,418,089   | \$ 17,391,550        | \$ 10,418,068 |
| 5        |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 6        |                                                                  | <u>Actual</u> | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Forecast</u>                            | <u>Forecast</u> | <u>Forecast</u>                       | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u>      | 13 Month      |
| 7        |                                                                  | Mar-25        | Apr-25          | May-25          | Jun-25          | Jul-25          | Aug-25          | Sep-25          | Oct-25                                     | Nov-25          | Dec-25                                | Jan-26          | Feb-26          | Mar-26               | AVERAGE       |
| 8        | Actuals - TY End March 2026                                      | \$ 3,405,610  | \$ 6,625,539    | \$ 9,055,602    | \$ 11,345,111   | \$ 13,220,190   | \$ 15,418,089   | \$ 17,391,550   | \$ 19,999,534                              | \$ 19,208,089   | \$ 16,179,604                         | \$ 11,591,957   | \$ 6,935,675    | \$ 4,538,998         | \$ 11,916,581 |
| 9        |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 10       |                                                                  | <u>Actual</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u>                            | <u>Forecast</u> | <u>Forecast</u>                       | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u>      | 13 Month      |
| 11       |                                                                  | Sep-25        | Oct-25          | Nov-25          | Dec-25          | Jan-26          | Feb-26          | Mar-26          | Apr-26                                     | May-26          | Jun-26                                | Jul-26          | Aug-26          | Sep-26               | AVERAGE       |
| 12       | Forecast - PTY End September 2026                                | \$ 17,391,550 | \$ 19,999,534   | \$ 19,208,089   | \$ 16,179,604   | \$ 11,591,957   | \$ 6,935,675    | \$ 4,538,998    | \$ 7,092,758                               | \$ 10,505,390   | \$ 14,124,404                         | \$ 17,945,279   | \$ 21,826,299   | \$ 25,719,098        | \$ 14,850,664 |
| 13       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 14       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 15       | <b>Liquefied Natural gas</b>                                     | <u>Actual</u> | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>                              | <u>Actual</u>   | <u>Actual</u>                         | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>        | 13 Month      |
| 16       |                                                                  | Sep-24        | Oct-24          | Nov-24          | Dec-24          | Jan-25          | Feb-25          | Mar-25          | Apr-25                                     | May-25          | Jun-25                                | Jul-25          | Aug-25          | Sep-25               | AVERAGE       |
| 17       | Actual - As of September 2025                                    | \$ 2,673,113  | \$ 2,865,194    | \$ 2,760,776    | \$ 2,600,834    | \$ 2,152,339    | \$ 2,061,591    | \$ 2,057,919    | \$ 2,319,429                               | \$ 2,326,110    | \$ 2,313,471                          | \$ 2,293,873    | \$ 2,268,910    | \$ 2,258,985         | \$ 2,380,965  |
| 18       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 19       |                                                                  | <u>Actual</u> | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Forecast</u>                            | <u>Forecast</u> | <u>Forecast</u>                       | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u>      | 13 Month      |
| 20       |                                                                  | Mar-25        | Apr-25          | May-25          | Jun-25          | Jul-25          | Aug-25          | Sep-25          | Oct-25                                     | Nov-25          | Dec-25                                | Jan-26          | Feb-26          | Mar-26               | AVERAGE       |
| 21       | Actuals - TY End March 2026                                      | \$ 2,057,919  | \$ 2,319,429    | \$ 2,326,110    | \$ 2,313,471    | \$ 2,293,873    | \$ 2,268,910    | \$ 2,258,985    | \$ 2,501,375                               | \$ 2,512,878    | \$ 2,376,399                          | \$ 2,005,475    | \$ 1,867,613    | \$ 1,766,522         | \$ 2,220,689  |
| 22       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 23       |                                                                  | <u>Actual</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u>                            | <u>Forecast</u> | <u>Forecast</u>                       | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u>      | 13 Month      |
| 24       |                                                                  | Sep-25        | Oct-25          | Nov-25          | Dec-25          | Jan-26          | Feb-26          | Mar-26          | Apr-26                                     | May-26          | Jun-26                                | Jul-26          | Aug-26          | Sep-26               | AVERAGE       |
| 25       | Forecast - PTY End September 2026                                | \$ 2,258,985  | \$ 2,501,375    | \$ 2,512,878    | \$ 2,376,399    | \$ 2,005,475    | \$ 1,867,613    | \$ 1,766,522    | \$ 2,395,966                               | \$ 2,413,966    | \$ 2,431,966                          | \$ 2,449,966    | \$ 2,467,966    | \$ 2,485,966         | \$ 2,302,696  |
| 26       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 27       | <b>Materials and Supplies*</b>                                   |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 28       |                                                                  | <u>Actual</u> | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>                              | <u>Actual</u>   | <u>Actual</u>                         | <u>Actual</u>   | <u>Actual</u>   | <u>Actual</u>        | 13 Month      |
| 29       |                                                                  | Sep-24        | Oct-24          | Nov-24          | Dec-24          | Jan-25          | Feb-25          | Mar-25          | Apr-25                                     | May-25          | Jun-25                                | Jul-25          | Aug-25          | Sep-25               | AVERAGE       |
| 30       | Actual - As of September 2025                                    | \$ 1,054,181  | \$ 1,054,181    | \$ 1,054,181    | \$ 1,054,181    | \$ 1,054,181    | \$ 1,054,181    | \$ 1,051,643    | \$ 1,051,643                               | \$ 1,048,727    | \$ 1,043,926                          | \$ 1,043,926    | \$ 1,043,926    | \$ 1,043,926         | \$ 1,050,216  |
| 31       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 32       | *No Forecast -average of latest 12 months actual used as a proxy |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 33       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 34       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 35       |                                                                  |               |                 |                 |                 |                 |                 |                 | <b>Total Actual Inventories as of:</b>     |                 | <b>Sep-25</b>                         |                 |                 | <b>\$ 13,849,249</b> |               |
| 36       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 37       |                                                                  |               |                 |                 |                 |                 |                 |                 | <b>Total Forecasted Inventories as of:</b> |                 | <b>Mar-26 - Test Year Ending</b>      |                 |                 | <b>\$ 15,187,485</b> |               |
| 38       |                                                                  |               |                 |                 |                 |                 |                 |                 |                                            |                 |                                       |                 |                 |                      |               |
| 39       |                                                                  |               |                 |                 |                 |                 |                 |                 | <b>Total Forecasted Inventories as of:</b> |                 | <b>Sep-26 - Post Test Year Ending</b> |                 |                 | <b>\$ 18,203,576</b> |               |

Schedule CLC-32  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO RATE BASE**  
**EXCESS ACCUMULATED DEFERRED INCOME TAXES ("ADIT")**

| Line No. |                                                             | Excess ADIT Liability<br>Depreciation-related<br>(ARAM) | Deficient ADIT Asset<br>NOL<br>RSGM | Total<br>Reg Liab      |              | Pre TCJA          | Total with<br>Pre TCJA |
|----------|-------------------------------------------------------------|---------------------------------------------------------|-------------------------------------|------------------------|--------------|-------------------|------------------------|
| 1        | <b>Excess ADIT Balance December 31, 2023</b>                | \$ 162,170,607                                          | \$ (30,568,632)                     | \$ 131,601,975         |              | \$ 193,835        | \$ 131,795,810         |
| 2        |                                                             |                                                         |                                     |                        |              |                   |                        |
| 3        |                                                             |                                                         |                                     |                        |              |                   |                        |
| 4        |                                                             |                                                         |                                     |                        |              |                   |                        |
| 5        |                                                             |                                                         |                                     |                        |              |                   |                        |
| 6        |                                                             |                                                         |                                     |                        |              |                   |                        |
| 7        |                                                             | <b>\$ 162,170,607</b>                                   | <b>\$ (30,568,632)</b>              | <b>\$ 131,601,975</b>  | <b>     </b> | <b>\$ 193,835</b> | <b>\$ 131,795,810</b>  |
| 8        | Monthly reversals, January-December 2024                    |                                                         |                                     | \$ -                   |              | \$ -              | \$ -                   |
| 9        | Jan-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 10       | Feb-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 11       | Mar-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 12       | Apr-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 13       | May-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 14       | Jun-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 15       | Jul-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 16       | Aug-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 17       | Sep-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 18       | Oct-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 19       | Nov-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 20       | Dec-24                                                      | \$ (398,526)                                            | \$ 88,955                           | \$ (309,571)           |              | \$ (6,088)        | \$ (315,659)           |
| 21       | Estimated excess ADIT reversals 2024                        | \$ (4,782,314)                                          | \$ 1,067,459                        | \$ (3,714,855)         |              | \$ (73,058)       | \$ (3,787,913)         |
| 22       | <b>Excess ADIT Balance December 31, 2024</b>                | <b>\$ 157,388,293</b>                                   | <b>\$ (29,501,173)</b>              | <b>\$ 127,887,120</b>  | <b>     </b> | <b>\$ 120,777</b> | <b>\$ 128,007,897</b>  |
| 23       |                                                             |                                                         |                                     | \$ -                   |              | \$ -              | \$ -                   |
| 24       | Monthly reversals, January-December 2025                    |                                                         |                                     | \$ -                   |              | \$ -              | \$ -                   |
| 25       | Jan-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 26       | Feb-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 27       | Mar-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 28       | Apr-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 29       | May-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 30       | Jun-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 31       | Jul-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 32       | Aug-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 33       | Sep-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 34       | Oct-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 35       | Nov-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 36       | Dec-25                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (6,088)        | \$ (225,206)           |
| 37       | Estimated excess ADIT reversals 2025                        | \$ (3,685,158)                                          | \$ 1,055,740                        | \$ (2,629,418)         |              | \$ (73,058)       | \$ (2,702,476)         |
| 38       | <b>Excess ADIT Balance December 31, 2025</b>                | <b>\$ 153,703,135</b>                                   | <b>\$ (28,445,433)</b>              | <b>\$ 125,257,702</b>  | <b>     </b> | <b>\$ 47,719</b>  | <b>\$ 125,305,421</b>  |
| 39       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 40       | Monthly reversals, January-December 2026                    |                                                         |                                     |                        |              |                   |                        |
| 41       | Jan-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 42       | Feb-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 43       | Mar-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 44       | Apr-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 45       | May-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 46       | Jun-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 47       | Jul-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 48       | Aug-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 49       | Sep-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 50       | Oct-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 51       | Nov-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 52       | Dec-26                                                      | \$ (307,097)                                            | \$ 87,978                           | \$ (219,118)           |              | \$ (3,977)        | \$ (223,095)           |
| 53       | Estimated excess ADIT reversals 2026                        | \$ (3,685,158)                                          | \$ 1,055,740                        | \$ (2,629,418)         |              | \$ (47,719)       | \$ (2,677,137)         |
| 54       | <b>Excess ADIT Balance December 31, 2026</b>                | <b>\$ 150,017,977</b>                                   | <b>\$ (27,389,693)</b>              | <b>\$ 122,628,284</b>  | <b>     </b> | <b>\$ -</b>       | <b>\$ 122,628,284</b>  |
| 55       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 56       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 57       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 58       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 59       | *****                                                       | *****                                                   | *****                               | *****                  |              | *****             | *****                  |
| 60       | <b>AMOUNTS INCLUDED IN RATE CASE FILING</b>                 |                                                         |                                     |                        |              |                   |                        |
| 61       | Protected Reversal during the Test Year (4/1/25 to 3/31/26) | A \$ (3,685,158)                                        | \$ 1,055,740                        | \$ (2,629,418)         |              | \$ (66,723)       | \$ (2,696,141)         |
| 62       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 63       | Protected Balance at March 31, 2026:                        |                                                         |                                     |                        |              |                   |                        |
| 64       | Balance 4/1/25 (calculated from above)                      | B \$ 156,467,004                                        | \$ (29,237,238)                     | \$ 127,229,766         |              | \$ 102,513        | \$ 127,332,278         |
| 65       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 66       | Test Year Reversal                                          | C (from A above) \$ (3,685,158)                         | \$ 1,055,740                        | \$ (2,629,418)         |              | \$ (66,723)       | \$ (2,696,141)         |
| 67       | Protected Balance at March 31, 2026:                        | <b>B+C=D</b>                                            | <b>\$ 152,781,846</b>               | <b>\$ (28,181,498)</b> |              | <b>\$ 35,789</b>  | <b>\$ 124,636,137</b>  |
| 68       |                                                             |                                                         |                                     |                        |              |                   |                        |
| 69       | Post Test Year Reversal                                     |                                                         | \$ (1,842,579)                      | \$ 527,870             |              | \$ (23,860)       | \$ (1,338,569)         |
| 70       | Protected Balance at September 30, 2026                     |                                                         | <b>\$ 150,939,267</b>               | <b>\$ (27,653,628)</b> |              | <b>\$ 11,930</b>  | <b>\$ 123,297,568</b>  |

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO RATE BASE  
CUSTOMER DEPOSITS**

Line  
No.

|    |                                       | <u>Actual and<br/>Projected Data</u> | <u>Number of<br/>Customers</u> | <u>Number of<br/>Customers<br/>with Deposits</u> | <u>Percentage of<br/>Customers<br/>with Deposits</u> | <u>Average<br/>Deposit<br/>Per Customer</u> | <u>Rate Base<br/>for Customer<br/>Deposits</u>        | <u>Current<br/>Interest<br/>Rate</u> | <u>Total<br/>Monthly<br/>Interest</u> |
|----|---------------------------------------|--------------------------------------|--------------------------------|--------------------------------------------------|------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|--------------------------------------|---------------------------------------|
| 1  |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 2  |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 3  | <u>Month</u>                          |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 4  | Mar-25                                | Actual                               | 426,402                        | 23,116                                           | 5.42%                                                | \$235                                       | \$ 5,424,991                                          | 5.24%                                | \$ 25,244                             |
| 5  | Apr-25                                | Actual                               | 426,373                        | 23,447                                           | 5.50%                                                | \$232                                       | \$ 5,445,967                                          | 5.24%                                | \$ 27,984                             |
| 6  | May-25                                | Actual                               | 426,860                        | 23,701                                           | 5.55%                                                | \$231                                       | \$ 5,466,760                                          | 5.24%                                | \$ 27,427                             |
| 7  | Jun-25                                | Actual                               | 425,813                        | 23,703                                           | 5.57%                                                | \$232                                       | \$ 5,509,702                                          | 5.24%                                | \$ 28,160                             |
| 8  | Jul-25                                | Actual                               | 425,452                        | 23,802                                           | 5.59%                                                | \$232                                       | \$ 5,519,929                                          | 5.24%                                | \$ 26,787                             |
| 9  | Aug-25                                | Actual                               | 425,112                        | 23,850                                           | 5.61%                                                | \$233                                       | \$ 5,551,786                                          | 5.24%                                | \$ 24,675                             |
| 10 | Sep-25                                | Actual                               | 424,788                        | 24,194                                           | 5.70%                                                | \$233                                       | \$ 5,638,933                                          | 5.24%                                | \$ 28,045                             |
| 11 | Oct-25                                | Projected                            | 426,433                        | 24,307                                           | 5.70%                                                | \$233                                       | \$ 5,665,197                                          | 5.24%                                | \$ 25,212                             |
| 12 | Nov-25                                | Projected                            | 428,032                        | 24,398                                           | 5.70%                                                | \$233                                       | \$ 5,686,440                                          | 5.24%                                | \$ 24,491                             |
| 13 | Dec-25                                | Projected                            | 429,338                        | 24,472                                           | 5.70%                                                | \$233                                       | \$ 5,703,790                                          | 5.24%                                | \$ 25,384                             |
| 14 | Jan-26                                | Projected                            | 429,924                        | 24,506                                           | 5.70%                                                | \$233                                       | \$ 5,711,575                                          | 4.25%                                | \$ 20,616                             |
| 15 | Feb-26                                | Projected                            | 430,468                        | 24,537                                           | 5.70%                                                | \$233                                       | \$ 5,718,802                                          | 4.25%                                | \$ 18,645                             |
| 16 | Mar-26                                | Projected                            | 430,877                        | 24,560                                           | 5.70%                                                | \$233                                       | \$ 5,724,236                                          | 4.25%                                | \$ 20,662                             |
| 17 | Apr-26                                | Projected                            | 430,877                        | 24,560                                           | 5.70%                                                | \$233                                       | \$ 5,724,236                                          | 4.25%                                | \$ 19,996                             |
| 18 | May-26                                | Projected                            | 430,937                        | 24,563                                           | 5.70%                                                | \$233                                       | \$ 5,725,026                                          | 4.25%                                | \$ 20,665                             |
| 19 | Jun-26                                | Projected                            | 431,266                        | 24,582                                           | 5.70%                                                | \$233                                       | \$ 5,729,397                                          | 4.25%                                | \$ 20,014                             |
| 20 | Jul-26                                | Projected                            | 431,393                        | 24,589                                           | 5.70%                                                | \$233                                       | \$ 5,731,091                                          | 4.25%                                | \$ 20,687                             |
| 21 | Aug-26                                | Projected                            | 431,543                        | 24,598                                           | 5.70%                                                | \$233                                       | \$ 5,733,077                                          | 4.25%                                | \$ 20,694                             |
| 22 | Sep-26                                | Projected                            | 431,748                        | 24,610                                           | 5.70%                                                | \$233                                       | \$ 5,735,801                                          | 4.25%                                | \$ 20,036                             |
| 23 | Oct-26                                | Projected                            | 432,176                        | 24,634                                           | 5.70%                                                | \$233                                       | \$ 5,741,487                                          | 4.25%                                | \$ 20,724                             |
| 24 | Nov-26                                | Projected                            | 433,271                        | 24,696                                           | 5.70%                                                | \$233                                       | \$ 5,756,034                                          | 4.25%                                | \$ 20,107                             |
| 25 | Dec-26                                | Projected                            | 434,466                        | 24,765                                           | 5.70%                                                | \$233                                       | \$ 5,771,909                                          | 4.25%                                | \$ 20,834                             |
| 26 |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 31 |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 32 | <u>Rate Base Test Year Adjustment</u> |                                      |                                | <u>Rate Base PTY Pro-Forma Adjustment</u>        |                                                      |                                             | <u>Income Statement Interest Pro-Forma Adjustment</u> |                                      |                                       |
| 33 |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       | Pre Tax                              | After-Tax                             |
| 34 |                                       |                                      |                                |                                                  |                                                      |                                             | Actual                                                | \$ 188,321                           | \$ 135,384                            |
| 35 |                                       | <i>13 mo average</i>                 |                                |                                                  |                                                      | <i>13 mo average</i>                        | Projected                                             | \$ 162,000                           | \$ 116,462                            |
| 36 | Actual Ending September 30, 2025      | \$ 5,363,408                         |                                | Projected Ending March 31, 2026                  |                                                      | \$ 5,597,547                                | Test Year Interest                                    | \$ 350,321                           | \$ 251,846                            |
| 37 |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 38 | Projected Ending March 31, 2026       | \$ 5,597,547                         |                                | Projected Ending September 30, 2026              |                                                      | \$ 5,709,816                                | Post Test Year Annualized Interest                    | \$ 243,680                           | \$ 175,182                            |
| 39 |                                       |                                      |                                |                                                  |                                                      |                                             |                                                       |                                      |                                       |
| 40 | Test Year Adjustment                  | <u>\$ 234,138</u>                    |                                | Pro-Forma PTY Adjustment                         |                                                      | <u>\$ 112,269</u>                           | Pro-Forma Adjustment<br>After Taxes                   | <u>\$ (106,641)</u>                  | <u>\$ (76,664)</u>                    |

**Energy Assistance Programs<sup>1</sup>****South Jersey Gas Company****American Rescue Plan Arrearage Forgiveness**

Funds have been depleted – no longer an active EA program.

This COVID Arrearage Forgiveness program is funded by the American Rescue Plan (ARP). Customers who qualify have arrearages greater than \$300 and did not receive USF/HEAP assistance in the last year. This program is active through August 1, 2022, or until the funds have been fully depleted (whichever comes first).

**COVID-19 Emergency Rental/Utility Assistance Program Phase II**

Funds have been depleted – no longer an active EA program. Could be refunded at a future date but currently not active.

This program provides temporary rental or utility assistance to low and moderate-income households affected by the COVID-19 pandemic. *This program is offered in specific counties across the state – not all counties are participating. SJG: Atlantic, Gloucester and Camden counties. ETG: Hunterdon, Mercer, Middlesex, Morris, Union and Warren counties.*

**Low Income Home Energy Assistance Program (LIHEAP)**

Customers with a household income at or below specific income limits can apply. Utility heating customers typically receive an average of \$300 toward their electric or gas bill.

**LIHEAP Emergency**

Recipients of the federal Low-Income Home Energy Program may be eligible to receive an additional grant of up to \$800 in LIHEAP Emergency funding. To be eligible, customers must be a LIHEAP recipient and have received a shut off notice. Applications for LIHEAP Emergency Grants are made at local agencies from March 16 through June 30 each year.

**Universal Service Fund (USF)**

LIHEAP applications coincide with USF. Electric or gas utility customers can receive from \$20-\$200 per month toward their utility bills. USF accepts applications year-round.

**USF Fresh Start**

USF customers are automatically enrolled in the USF Fresh Start program if their natural gas bill is in arrears of more than \$60 and they have not been enrolled in the program in the last 5 years. Participants are required to pay their current bill on-time, every month, for 12 months, to have a past due balance erased. 1/12th of a participant's overdue balance will be waived each month their current bill is paid.

---

<sup>1</sup> All programs are funded by the State, Federal Government or through rates, *i.e.* USF and Lifeline rates.

**Payment Assistance for Gas and Electric (PAGE)**

PAGE is a state-funded utility assistance program that helps low to moderate-income families in New Jersey pay their utility bills. The PAGE GRANT is administered by NJ SHARES and is funded by the Board of Public Utilities (BPU). It is a financial assistance program designed to help households across the state of New Jersey who are experiencing economic hardship and struggling to pay their electric and natural gas bills.

**Lifeline Assistance Program**

Lifeline is a utility assistance program that offers \$225 to individuals who meet the eligibility requirements of the Pharmaceutical Assistance to the Aged and Disabled program or who receive Supplemental Security Income.

**NJ SHARES – Energy Assistance Grant**

NJ Shares assists income-eligible households in paying their energy, telephone and water bills. New Jersey SHARES provides relief to people who are not eligible for other types of assistance.

**NJ SHARES – SMART Utility Assistance Program**

NJ Shares assists income qualified NJ households who are in temporary financial crisis and either do not qualify for federal or state utility assistance programs or have received benefits from these federal and state utility assistance programs and are still in need of electric and/or gas payment assistance.

**REAP – Residential Energy Assistance Program**

The REAP (Residential Energy Assistance Program) is intended to provide financial relief to eligible households in New Jersey. Eligible households will receive seven \$25 bill credits automatically applied to their utility bill starting in the summer 2025. Customers that were covered under the Winter Termination Program (WTP) and still active with the utility, will receive the bill credit as long as they remain active. If the customer was WTP protected at both their gas and electric companies, they will receive a credit at one utility, electric taking priority, but not both.

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 1**

**TARIFF FOR GAS SERVICE**

**Filed With**

**State of New Jersey**

**Board of Public Utilities**

**SOUTH JERSEY GAS COMPANY**

**One South Jersey Place**

**Atlantic City, NJ 08401**

---

**Issued \_\_\_\_\_**  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated \_\_\_\_\_**

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 2**

**TABLE OF CONTENTS**

|                                                               | <b>Sheet No.</b>   |
|---------------------------------------------------------------|--------------------|
| Title Page                                                    | 1                  |
| Table of Contents                                             | 2                  |
| List of Communities Served                                    | 3-4                |
| Map of Territory                                              | 5                  |
| Rate Schedules:                                               |                    |
| Residential Service (RSG)                                     | 6-9                |
| General Service (GSG)                                         | 10-13a             |
| General Service – Large Volume (GSG-LV)                       | 14-17              |
| Comprehensive Transportation Service (CTS)                    | 18-24              |
| Large Volume Service (LVS)                                    | 25-30              |
| Firm Electric Service (FES)                                   | 31-37              |
| Electric Generation Service (EGS)                             | 38-42              |
| Electric Generation Service – Large Volume (EGS-LV)           | 43-48              |
| Yard Lighting Service (YLS)                                   | 49                 |
| Street Lighting Service (SLS)                                 | 50                 |
| Interruptible Gas Service (IGS)                               | 51-54              |
| Interruptible Transportation Service (ITS)                    | 55-59              |
| Natural Gas Vehicle (NGV)                                     | 60-64              |
| Rider “A” Basic Gas Supply Service Clause (BGSS)              | 65-69              |
| Rider “B” Infrastructure Investment Program (“IIP”)           | 70-70a             |
| Rider “C” Transportation Initiation Clause (TIC)              | 71                 |
| Rider “D” Customer Owned Gas Clause (COGC)                    | 72-73              |
| Rider “E” Societal Benefits Clause (SBC)                      | 74-76              |
| Rider “F” Temperature Adjustment Clause (TAC)                 | 77-80              |
| Rider “G” Remediation Adjustment Clause (RAC)                 | 81-84              |
| Rider “H” Reserved For Future Use                             | 85                 |
| Rider “I” Balancing Service Clause - Large Volume (BSC-LV)    | 86-91              |
| Rider “J” Balancing Service Clause - General Service (BSC-GS) | 92-96              |
| Rider “K” Clean Energy Program (CLEP) Clause                  | 97-98              |
| Rider “L” SUT Clause (SUTC)                                   | 99-100             |
| Rider “M” Conservation Incentive Program (CIP)                | 101-104            |
| Rider “N” Energy Efficiency Tracker (EET)                     | 105                |
| General Terms and Conditions - Index                          | 106-107            |
| General Terms and Conditions                                  | 108-127            |
| Standard Gas Service Agreement (GS)                           | 128-131            |
| Standard Gas Service Agreement (LV)                           | 132-135            |
| Standard Gas Service Agreement (ITS)                          | 136-139            |
| Standard Gas Service Agreement (IGS)                          | 140-142            |
| Standard Gas Service Agreement (EGS)                          | 143-147            |
| Standard Gas Service Agreement (FES)                          | 148-151            |
| Standard Gas Service Agreement (NGV)                          | 152-155            |
| Aggregator’s/Marketer’s Agreement (A/M)                       | 156-161            |
| Appendix “A”                                                  | Appendix A – 1- 16 |
| Appendix “B”                                                  | Appendix B – 1- 3  |

**Issued \_\_\_\_\_**  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated \_\_\_\_\_**



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 3**

**LIST OF COMMUNITIES SERVED**

**ATLANTIC COUNTY**

Absecon, City of  
Atlantic City  
Brigantine City  
Buena Boro  
Buena Vista Township  
Egg Harbor City  
Egg Harbor Township  
Estell Manor, City of  
Folsom Boro  
Galloway Township  
Hamilton Township

Hammonton, Town of  
Linwood, City of  
Longport Boro  
Margate City  
Mullica Township  
Northfield, City of  
Pleasantville, City of  
Port Republic, City of  
Somers Point, City of  
Ventnor City  
Weymouth Township

**BURLINGTON COUNTY**

Evesham Township  
Medford Lakes Boro  
Medford Township

Shamong Township  
Southampton Township  
Tabernacle Township  
Woodland Township

**CAMDEN COUNTY**

Barrington Boro  
Berlin Boro  
Berlin Township  
Cherry Hill Township  
Chesilhurst Boro  
Clementon Boro  
Gibbsboro Boro  
Gloucester Township  
Hi-Nella Boro  
Laurel Springs Boro

Lawnside Boro  
Lindenwold Boro  
Magnolia Boro  
Pine Hill Boro  
Runnemede Boro  
Somerdale Boro  
Stratford Boro  
Voorhees Township  
Waterford Township  
Winslow Township

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 4**

**LIST OF COMMUNITIES SERVED**

(Continued)

**CAPE MAY COUNTY**

Avalon Boro  
Cape May City  
Cape May Point Boro  
Dennis Township  
Lower Township  
Middle Township  
North Wildwood City  
Ocean City

Sea Isle City  
Stone Harbor Boro  
Upper Township  
West Cape May Boro  
West Wildwood Boro  
Wildwood City  
Wildwood Crest Boro  
Woodbine Boro

**CUMBERLAND COUNTY**

Bridgeton, City of  
Commercial Township  
Deerfield Township  
Downe Township  
Fairfield Township  
Greenwich Township  
Hopewell Township

Lawrence Township  
Maurice River Township  
Millville, City of  
Shiloh Boro  
Stow Creek Township  
Upper Deerfield Township  
Vineland, City of

**GLOUCESTER COUNTY**

Clayton Boro  
Deptford Township  
East Greenwich Township  
Elk Township  
Franklin Township  
Glassboro Boro  
Greenwich Township  
Harrison Township  
Logan Township  
Mantua Township  
Monroe Township

Newfield Boro  
Paulsboro Boro  
Pitman Boro  
South Harrison Township  
Swedesboro Township  
Washington Township  
Wenonah Boro  
West Deptford Township  
Woodbury, City of  
Woodbury Heights Boro  
Woolwich Township

**SALEM COUNTY**

Alloway Township  
Carneys Point Township  
Elmer Boro  
Elsinboro Township  
Mannington Township  
Oldmans Township  
Penns Grove Boro

Pennsville Township  
Piles Grove Township  
Pittsgrove Township  
Quinton Township  
Salem, City of  
Upper Pittsgrove  
Woodstown Boro

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

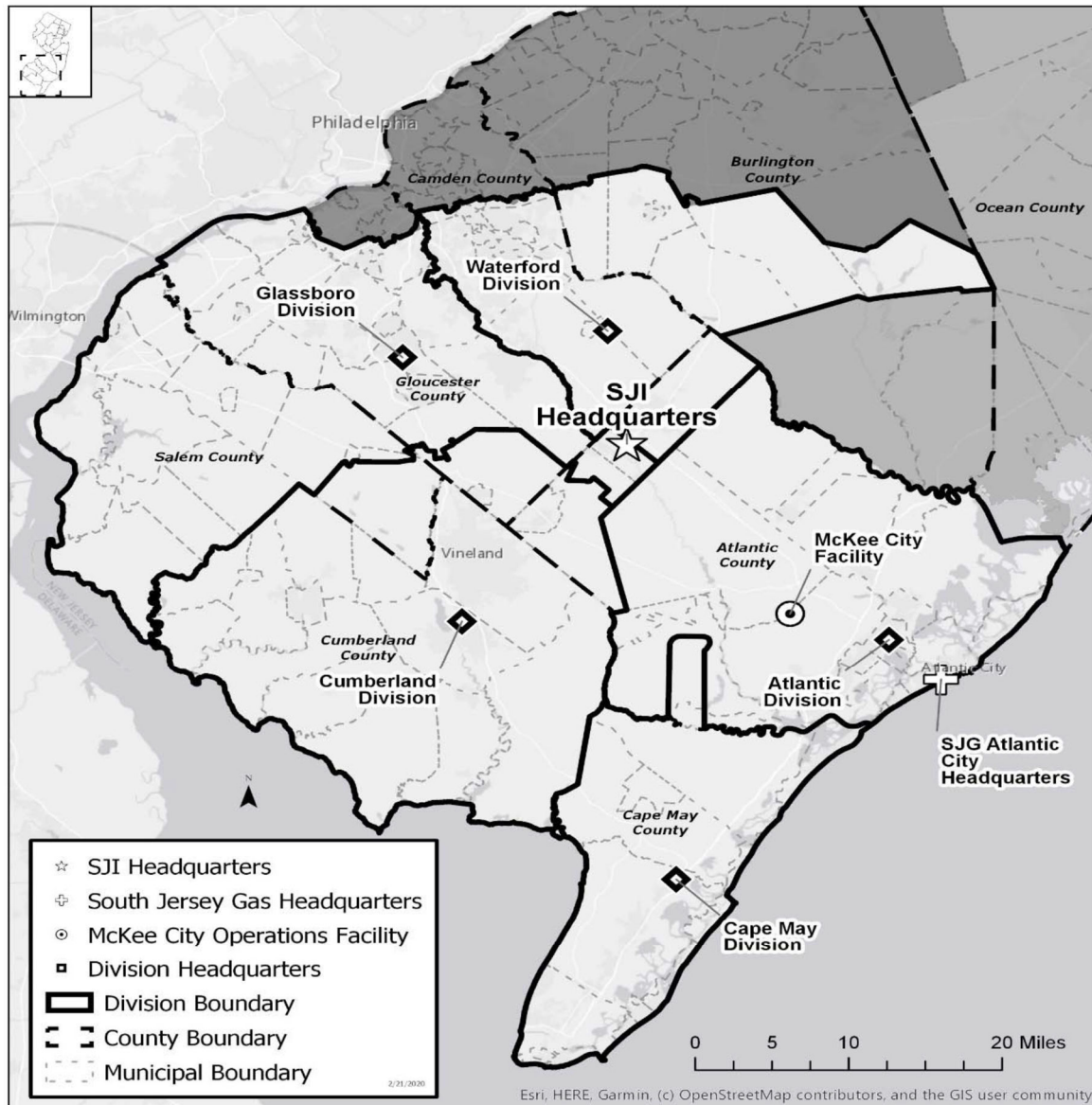
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 5



Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:** \$13.861250 per month

**Distribution Charge:** <sup>(1)</sup>

- |     |                                                                                         |                      |
|-----|-----------------------------------------------------------------------------------------|----------------------|
| (a) | Residential Non-Heating Customers<br>Firm Sales Service and Firm Transportation Service | \$1.121130 per therm |
| (b) | Residential Heating Customers<br>Firm Sales Service and Firm Transportation Service     | \$1.121130 per therm |

**Basic Gas Supply Service ("BGSS") Charge:**

|                                                                |                               |
|----------------------------------------------------------------|-------------------------------|
| All consumption for customers who elect<br>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.                                                 |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" 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. |

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and will be adjusted for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates and Price to Compare

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 7**

**RESIDENTIAL SERVICE (RSG)**

(Continued)

|                                |                                                                                                        |
|--------------------------------|--------------------------------------------------------------------------------------------------------|
| Temperature Adjustment Clause: | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff. |
| Balancing Service Clause       | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "J" of this Tariff. |
| Conservation Incentive Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "M" of this Tariff. |
| 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.

**LINE LOSS:**

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

**TERM:**

Customer must provide Company with adequate notice to discontinue service.

**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.

**SPECIAL PROVISIONS:**

- (a) A customer receiving service under this rate schedule may use natural gas to heat water for recreational and therapeutic equipment (including but not limited to swimming pools, hot tubs or similar equipment), subject to the Board's policy regarding such use.
- (b) To be eligible for Firm Transportation Service under this Rate Schedule RSG a Firm Transportation Service customer must be part of an aggregated group ("Aggregated Group") of customers, utilizing the services of an Aggregator/Marketer pursuant to an executed Aggregator/Marketer's Agreement.
- (c) The Company will not accept gas for the account of a Firm Transportation Service customer for delivery that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 8**

**RESIDENTIAL SERVICE (RSG)**

(Continued)

- (d) The Aggregator/Marketer for a Firm Transportation Service customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in connection with the initiation and rendering of service under this Rate Schedule RSG. If the Company has accepted gas for delivery under this Rate Schedule RSG and as a result thereof it incurs any financial or burdensome administrative obligation, the Company may impose a surcharge upon the Aggregator/Marketer therefore.
- (e) For Firm Transportation Service customers, the Company may waive any charges associated with imbalances, in its sole reasonable discretion, if the Aggregator/Marketer demonstrates good cause for such imbalances, if the Aggregator/Marketer presents a plan for eliminating such imbalances, and such plan will not adversely impact service to other customers. The Company may require that such plan be implemented in full, and completed, within a time period specified by the Company in order for such a waiver to take place.
- (f) An Aggregator/Marketer for Firm Transportation Service customers must execute an Aggregator/Marketer agreement prior to the Company's providing service to an aggregated group represented by said Aggregator/Marketer.
- (g) Firm Transportation Service customers being served under this Rate Schedule RSG may switch to Firm Sales Service under Rate Schedule RSG. In order to bring about such a switch, the customer must notify the Company on or before the tenth (10th) day of the calendar month preceding the month during which the customer wishes to switch to Firm Sales Service under this Rate Schedule RSG. Provided, however, that nothing in this Special Provision (g) concerning customer's exercise of a right to switch to Firm Sales Service under this Rate Schedule RSG shall change or nullify any contractual obligation of the customer to an Aggregator/Marketer.
- (h) An Aggregator/Marketer for Firm Transportation Service customers may determine that it wishes to cease service to a customer under this Rate Schedule RSG. In such case the Aggregator/Marketer must notify the Company on or before the tenth (10th) day of the calendar month preceding the calendar month during which said Aggregator/Marketer's service shall cease. In such case, the customer will switch to Firm Sales Service under Rate Schedule RSG, effective during the month following receipt of notice. Until such time, the Aggregator/Marketer must continue to provide service. In such event any Excess Imbalances or Deficiency Imbalances pursuant to Rider "J" of this Tariff, associated with the customer, will remain the responsibility of the Aggregator/Marketer. Provided, however, that nothing in this Special Provision (h) concerning Aggregator/Marketer's cessation of service shall change or nullify any contractual obligation of the Aggregator/Marketer to the customer.
- (i) For Firm Transportation Service customers, all charges under Rider "J" of this Tariff as well as the Aggregator/Marketer's Fee, but excluding the BS-1 Volumetric Charge, will be invoiced to the Aggregator/Marketer, in accordance with the Aggregator/Marketer's Agreement. The BS-1 Volumetric Charge will be invoiced directly to the customer.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 9**

**RESIDENTIAL SERVICE (RSG)**

(Continued)

- (j) If a customer contacts the Company inquiring about Firm Transportation Service under this Rate Schedule RSG, the Company will supply the customer with a letter explaining the nature of Firm Transportation Service under this Rate Schedule RSG. That letter, in turn, will enclose: (a) a list of natural gas Aggregators/Marketers; and (b) a letter provided by the Board of Public Utilities related to residential transportation service.
- (k) To be eligible to provide Aggregator/Marketer services under this Rate Schedule RSG, each Aggregator/Marketer for Firm Transportation Service customers must comply with all Board approved Marketer Standards, and all other rules and regulations of the Board applicable to Aggregator/Marketers.
- (l) For Firm Transportation Service customers the receipt of gas by the Company for transportation under this Rate Schedule RSG shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:**

\$52.779375 per month

**Distribution Charges:** <sup>(1)</sup>

Firm Sales Service and Firm Transportation Service                      \$.907356 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.                                                 |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" 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. |

<sup>(1)</sup>The charges set forth in this Rate Schedule include sales and use tax and will be adjusted for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates and Price to Compare.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 11**

**GENERAL SERVICE (GSG)  
(Continued)**

|                                |                                                                                                        |
|--------------------------------|--------------------------------------------------------------------------------------------------------|
| Temperature Adjustment Clause: | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff. |
| Balancing Service Clause:      | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "J" of this Tariff. |
| Conservation Incentive Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "M" of this Tariff. |
| 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 nonbusiness 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the terms of the Company's Standard Gas Service Agreement (GS), if applicable, otherwise, in order to effectuate a termination, customer must provide adequate 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.

**SPECIAL PROVISIONS:**

- (a) The Company may require, as a condition precedent to the receipt of service under this Rate Schedule GSG, that an eligible customer execute a Standard Gas Service Agreement (GS), to indicate, among other things, the customer's minimum and maximum capability to utilize gas used under Rate Schedule GSG, and the levels of firm and interruptible service provided.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 12**

**GENERAL SERVICE (GSG)  
(Continued)**

- (b) Due to system constraints, the Company may instruct some or all GSG Firm Sales Service or Firm Transportation Service customers not to exceed the stated Maximum Capability in the Standard Gas Service Agreement (GS) during a given twenty-four (24) hour period. Said instruction may be given orally or in writing. Any customer who then uses in excess of its Maximum Capability may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule GSG). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (c) If during any month a Firm Sales Service or Firm Transportation Service customer having Alternate Fuel Capability utilizes gas in excess of the stated Maximum Capability in the Standard Gas Service Agreement (GSG), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such excess shall be deemed utilized for interruptible uses, and may be billed pursuant to Rate Schedule IGS or ITS, as applicable.
- (d) If during any month a Firm Sales Service or Firm Transportation Service customer without Alternate Fuel Capability utilizes gas in excess of the stated Maximum Capability in the Standard Gas Service Agreement (GSG), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such customer may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule GSG). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.", multiplied by the number of days in that month. This daily charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (e) A customer receiving service under this rate schedule may use natural gas to heat water for recreational and therapeutic equipment (including but not limited to swimming pools, hot tubs or similar equipment), subject to the Board's policy regarding such use.
- (f) The Company will not accept gas for delivery to Firm Transportation Service customers that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 13

GENERAL SERVICE (GSG)  
(Continued)

- (g) The Firm Transportation Service customer bears sole responsibility for costs incurred to deliver customer owned gas to the Company's City Gate Station and to provide interstate pipeline capacity.
- (h) The Firm Transportation Service customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in any financial or burdensome administrative obligation; the Company may impose a surcharge therefore.
- (i) RESERVED FOR FUTURE USE.
- (j) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff to record the customer's consumption patterns required for billing purposes. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (k) Firm Transportation Service customers may not arrange for delivery to the Company, on any day, of gas volumes in excess of customer's then applicable daily DCQ unless authorized to do so by the Company; provided, however, that said excess deliveries may be authorized by the Company to cure a Deficiency Imbalance.
- (l) For Firm Transportation Service customers, the existence of imbalances as defined in Rider "J" will be determined each day. If at the beginning of a day a customer has an imbalance, the gas to fulfill that customer's daily DCQ for that day will be the first gas through the City Gate Station for the customer's account on that day. Gas to correct existing imbalances will be considered as the last gas coming through the City Gas Station for that customer's account on that day.
- (m) RESERVED FOR FUTURE USE.
- (n) A Firm Transportation Service customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rate Schedule GSG on any day. All scheduling must be done in whole number dekatherms and not in fractions thereof.
- (o) For Firm Transportation Service customers the receipt of gas by the Company for transportation under this Rate Schedule GSG shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (p) **Veterans' Organization Service:** Pursuant to N.J.S.A 48:2-21.41, when natural gas service is supplied to a customer that is a Veterans' Organization, serving the needs of veterans of the armed forces, the customer may apply and be eligible for billing under this Special Provision (p).

Each customer shall be eligible for billing under this Special Provision upon submitting an Application for Veterans' Organization Service under this rate schedule and by qualifying as a "Veterans Organization". N.J.S.A. 48:2-21.41 defines a Veterans Organization that qualifies for this Special Provision as "an organization dedicated to serving the needs of veterans of the armed forces that: is

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 13a**

**GENERAL SERVICE (GSG)  
(Continued)**

chartered under federal law, qualifies as a tax exempt organization under paragraph (19) of subsection (c) of section 501 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(19), or that is organized as a corporation under the 'New Jersey Nonprofit Corporation Act,' N.J.S.A. 15A:1-1 et seq." Under N.J.S.A. 48:2-21.41, a qualified Veterans Organization shall be charged the residential rate for service delivered to the property where the Veterans Organization primarily operates, if the residential rate is lower than the commercial rate for service at that property.

The customer shall furnish satisfactory proof of eligibility of service under this Special Provision to the Company. Once proof of eligibility is determined by the Company, service under this Special Provision shall begin with the next billing cycle following receipt of the Application.

At least once annually, the Company shall review eligible customers' charges for service delivered, defined to include Customer Charge and Distribution Charge, of this service classification for all relevant periods. If these comparable charges for service delivered under the Residential Service (RSG) classification are lower than the charges under this classification a credit in the amount of the difference shall be applied to the customer's next bill.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:**

\$341.200000 per month

**Delivery Charges:** <sup>(1)</sup>

Firm Sales Service and Firm Transportation Service<sup>(2)</sup>

Demand Charge:

D-1FT: \$14.394375 per Mcf of Contract Demand

Volumetric Charge:

\$.799881 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).

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates and Price to Compare.

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

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 15**

**GENERAL SERVICE – LARGE VOLUME (GSG-LV)  
(Continued)**

**APPLICABLE RIDERS:**

|                                   |                                                                                                                                                                     |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Gas Supply Service Clause:  | BGSS charges are depicted in Rider “A” of this Tariff.                                                                                                              |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “B” 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.                                                              |
| Balancing Service Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “J” of this Tariff. However, see also Special Provision (I) regarding Rider “I”. |
| Conservation Incentive Program    | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “M” of this Tariff.                                                              |
| 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 nonbusiness 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the terms of the Company's Standard Gas Service Agreement (GS), if applicable; otherwise, in order to effectuate a termination, customer must provide adequate 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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 16**

**GENERAL SERVICE – LARGE VOLUME (GSG-LV)  
(Continued)**

**SPECIAL PROVISIONS:**

- (a) The Company may require, as a condition precedent to the receipt of service under this Rate Schedule GSG-LV, that an eligible customer execute a Standard Gas Service Agreement (GS), to indicate, among other things, the customer's minimum and maximum capability to utilize gas under Rate Schedule GSG-LV; the levels of firm and interruptible service; and the customer's Contract Demand.
- (b) Due to system constraints, the Company may instruct some or all GSG Firm Sales Service or Firm Transportation Service customers not to exceed the stated Contract Demand in the Standard Gas Service Agreement (GS) during a given twenty-four (24) hour period. Said instruction may be given orally or in writing. Any customer who then uses in excess of its Contract Demand may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule GSG-LV). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (c) If during any month a Firm Sales Service or Firm Transportation Service customer having Alternate Fuel Capability utilizes gas in excess of the stated Contract Demand in the Standard Gas Service Agreement (GS), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such excess shall be deemed utilized for interruptible uses, and may be billed pursuant to Rate Schedule IGS or ITS, as applicable.
- (d) If during any month a GSG-LV customer having no Alternate Fuel Capability utilizes gas in excess of its Contract Demand multiplied by the number of days in the month, then in addition to the Customer Charge, Volumetric Charges, and Applicable Riders set forth in the Monthly Rate Section of this Rate Schedule GSG-LV: the customer's average daily gas consumption for the month shall be utilized until such time as the Company adjusts the Contract Demand during its annual review.
- (e) Beginning with the effective date of this Rate Schedule GSG-LV, a customer's Contract Demand shall be determined based upon the customer's average daily usage for the month of the highest monthly usage during the preceding twelve months, subject to normalization if appropriate. Estimated data may be used as a surrogate when actual data is not available. The average daily usage shall be determined for each billing month based upon usage divided by the number of days in the billing month. The customer's Contract Demand shall be reviewed and adjusted no less frequently than annually. When the Company adjusts the Contract Demand, it shall be adjusted to the nearest Mcf. Contract Demand may be incorporated into a Standard Gas Service Agreement (GS). However, the Contract Demand shall be effective irrespective of whether it is incorporated into a Standard Gas Service Agreement (GS).
- (f) A customer receiving service under this rate schedule may use natural gas to heat water for recreational and therapeutic equipment (including but not limited to swimming pools, hot tubs or similar equipment), subject to the Board's policy regarding such use.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 17**

**GENERAL SERVICE – LARGE VOLUME (GSG-LV)  
(Continued)**

- (g) The Company will not accept gas for delivery to Firm Transportation Service customers that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.
- (h) The Firm Transportation Service customer bears sole responsibility for costs incurred to deliver customer owned gas to the Company's City Gate Station and to provide interstate pipeline capacity.
- (i) The Firm Transportation Service customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in any financial or burdensome administrative obligation; the Company may impose a surcharge therefore.
- (j) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (k) Firm Transportation Service customers may not arrange for delivery to the Company, on any day, of gas volumes in excess of customer's then applicable DCQ (or the quantity of gas burned daily if the Rider "I" customer has no DCQ) unless authorized to do so by the Company; provided, however, that said excess deliveries may be authorized by the Company to cure a Deficiency Imbalance.
- (l) For Firm Transportation Service customers, the existence of imbalances as defined in Rider "I" or Rider "J" will be determined each day. If at the beginning of a day a customer has an imbalance, the gas to fulfill that customer's DCQ (or the quantity of gas burned on that day for a Rider "I" customer who has no DCQ) for that day will be the first gas through the City Gate Station for the customer's account on that day. Gas to correct existing imbalances will be considered as the last gas coming through the City Gas Station for that customer's account on that day.
- (m) RESERVED FOR FUTURE USE.
- (n) A Firm Transportation Service customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rate Schedule GSG-LV on any day. All scheduling must be done in whole number dekatherms and not in fractions thereof.
- (o) For Firm Transportation Service customers the receipt of gas by the Company for transportation under this Rate Schedule GSG-LV shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (p) The rates set forth in the Delivery Charge section of this Rate Schedule GSG-LV assume that the customer receives balancing service under Rider "J" to this Tariff. If the customer selects balancing service under Rider "I" of this Tariff, then the Delivery Charges will be adjusted to reflect the Rider "I" Charges.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 19**

**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:**

**Firm:**

**Customer Charge:** \$1,092.906250 per month

**Delivery Charges: <sup>(1)</sup>**

**Demand Charge:** D-1FT: \$45.315625 per Mcf of Contract Demand

**Volumetric Charges:**

All consumption for customers who elected to  
transfer from Sales Service to Firm Transportation Service \$.307458 per therm

**Limited Firm:**

**Customer Charge:** \$613.093750 per month

**Delivery Charges:**

**Volumetric Charges:**

All consumption for customers who elected to  
transfer from Sales Service to Firm Transportation Service \$.254948 per therm

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 19**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

(Continued)

**APPLICABLE RIDERS:**

|                                   |                                                                                                        |
|-----------------------------------|--------------------------------------------------------------------------------------------------------|
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff. |
| Societal Benefits Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff. |
| Balancing Service Clause:         | All gas delivered to Customers under this Rate Schedule CTS is subject to Rider "I" of this Tariff     |
| Energy Efficiency Tracker:        | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "N" of this Tariff. |

**LINE LOSS:**

Line loss shall be 1.43% as provided in Special Provision (q).

**MINIMUM BILL:**

Sum of monthly customer charge and monthly demand charge, irrespective of use.

**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 nonbusiness 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the conditions of the Company's Standard Gas Service Agreement (LV).

**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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 20**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

(Continued)

**DEFINITIONS:**

- (1) "Gas Consumption" means the volume of gas, utilized by the customer, as measured at the customer's meter. Gas Consumption will be displayed on the Third Party Marketer Portal (the "Portal"). However, the responsibility for balancing shall remain with the customer even if the Portal is inoperative.
- (2) On any day during which gas receipts for a customer's account exceed Gas Consumption, after adjustment to reflect line loss and sales authorized by the Company for this customer, a daily "Excess Imbalance" results.
- (3) On any day during which Gas Consumption exceeds gas receipts for a customer's account, after adjustment to reflect line loss and sales authorized by the Company, a daily "Deficiency Imbalance" results.
- (4) Daily Deficiency Imbalances and Daily Excess Imbalances may be collectively referred to as "Daily Imbalances".
- (5) "Net Monthly Imbalance" means the net of a customer's Daily Imbalances, if any, during a month. If monthly Gas Consumption exceeds monthly gas receipts for a customer's account, a Monthly Deficiency Imbalance results and if monthly gas receipts exceed monthly Gas Consumption, a Monthly Excess Imbalance results.
- (6) Upon termination of service under this Rate Schedule CTS, the Company shall review the status of customer's account. In the event that customer's account has a negative balance, the customer shall have thirty days to pay back such negative balance. If any negative balance remains after thirty days, the customer will be charged the GSG-LV Monthly BGSS rate multiplied by each therm of negative balance. If customer's account has a positive balance, the Company will purchase such gas at the Buy-Out Price.
- (7) As used in this Rate Schedule CTS, "Buy-Out Price" shall mean a price equal to the lowest price of gas delivered to the Company's system during the month the positive balance or an Excess Imbalance occurs.
- (8) As used in this Rate Schedule CTS, "CTS Year" shall mean a twelve (12) month period commencing November 1 and ending October 31.

**SPECIAL PROVISIONS:**

- (a) Customer shall contract for service under the Company's Standard Gas Service Agreement (LV). A customer electing Limited Firm service under this Rate Schedule CTS must execute a Standard Gas Service Agreement (LV) for an initial term of at least twelve (12) months. A CTS Firm customer taking Limited Firm service may not reduce its Firm Contract Demand.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 21**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**  
(Continued)

- (b) Due to system constraints, the Company may instruct some or all Firm Transportation Service customers not to exceed Firm Contract Demand during a given twenty-four (24) hour period. Such instructions may be given orally or in writing. Any customer who then uses gas in excess of its Firm Contract Demand may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule CTS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service. Provided, however, that as to customers who have elected to take the Limited Firm service, such instruction will not be given more than ten (10) days during any CTS Year as to such Limited Firm service.

Due to system constraints, the Company may instruct some or all Firm Transportation Service customers not to exceed their nominated amounts of gas during a given twenty-four (24) hour period. Such instructions may be given orally or in writing. Any customer who then uses gas in excess of its nominated amount may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule CTS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service. Provided, however, that as to customers who have elected to take the Limited Firm service, such instruction will not be given more than ten (10) days during any CTS Year as to such Limited Firm service.

- (c) If during any month a CTS customer having no Alternate Fuel Capability, and who has not elected Limited Firm service utilizes gas in excess of its Firm Contract Demand as stated in the Standard Gas Service Agreement (LV), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such customer may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate section of this Rate Schedule CTS): Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This daily charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 22**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

(Continued)

- (d) Except as provided in Special Provision (c) above, if during any month a customer with interruptible capability that utilizes gas in excess of that customer's aggregate daily Firm Contract Demand for said month, or if applicable, a larger amount authorized by the Company, such usage may be deemed to be utilized for either: (1) interruptible charges billed upon Rate Schedule ITS at the service charge and the transportation charge set forth under Rate Schedule ITS, Paragraph (a); or (2) Limited Firm charges set forth in the Monthly Rate section of this Rate Schedule CTS, whichever is applicable. An election to utilize Limited Firm service must be made for a period of at least twelve (12) months.
- (e) Customers shall use their best efforts to ensure that the daily volumes of gas scheduled for delivery into the Company's system for the customer's account, adjusted to reflect line loss and sales authorized by the Company, equal the volumes of daily Gas Consumption by the customer.
- (f) Customers shall be responsible for maintaining a balance between volumes of daily deliveries into the Company's system and daily Gas Consumption, adjusted to reflect line loss.
- (g) Certain levels of Daily Imbalances will be subject to a corrective plan, as provided in Paragraph (g) of this Rate Schedule CTS. Daily Imbalances of this level will be referred to as "Imbalances Requiring Action" or "IRA". An Excess Imbalance will become an IRA during the winter season if daily receipts exceed daily Gas Consumption by five (5%) percent, and during the summer season if daily receipts exceed daily Gas Consumption by seven and one half (7.5%) percent. A Deficiency Imbalance will become an IRA during the winter season if daily Gas Consumption exceeds daily receipts by five (5%) percent, and during the summer season if daily Gas Consumption exceeds daily receipts by seven and one half (7.5%) percent. The winter season, as used herein, is from November 1 through March 31. The summer season is from April 1 to October 31. Generally, the existence of an IRA will be determined for each customer, on an individual customer basis. However, for those customers who execute an Aggregation Agreement, acceptable to the Company, IRAs will be determined in the aggregate for all members of the Aggregation Group.
- (h) If a customer has an IRA as demonstrated on the Portal, the customer must present a plan within forty-eight (48) hours of such demonstration to eliminate the IRA. Such plan must not, inter alia, adversely impact service to other customers, affect system integrity, or affect the Company's gas supply planning. If the plan presented by the customer is unacceptable to the Company, the Company will present an alternative plan. If the customer fails to present, within 48 hours after such demonstration, a plan to eliminate such IRA or fails to comply with a plan accepted by or offered by the Company, the customer shall be subject either to (a) billing for volumes of Gas Consumption in excess of receipts at a rate equal to five (5) times the Net Monthly Deficiency Imbalance Cash-Out Charge within Rider "I" of this Tariff, assuming a System Impact Charge of one (1.0); or (b) a buyout of the excess of receipts over volumes of Gas Consumption at a rate equal to one-fifth (1/5) of the Net Monthly Excess Imbalance Cash-Out Credit within Rider "I" of this Tariff, assuming a System Impact Charge of one (1.0). Imbalances at month end will be treated no differently than imbalances during the month in that the applicable 48 hour correction period may continue into a subsequent month.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 23**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

(Continued)

- (i) Notwithstanding any other provision of this Rate Schedule CTS, if the Company determines in its sole reasonable discretion that it is necessary to do so to alleviate operating conditions which may threaten the integrity of its system, the Company may issue an Operational Flow Order ("OFO") to some or all customers subject to this Rate Schedule CTS. The Company shall provide customers and their Aggregator/ Marketer's with notice of an OFO by posting the same on the Portal, and by facsimile transmission. Alternatively, the Company may provide notice by telephone or otherwise of said OFO. Such notice shall be effective within twenty-four hours of posting unless exigent circumstances require shorter notice, which shorter notice shall be specified in the posting. The OFO may direct, inter alia, the cessation of the creation of Deficiency Imbalances or of Excess Imbalances and that customers make a good faith effort to eliminate existing Deficiency Imbalances or Excess Imbalances. For purposes of this paragraph (i) of this Rate Schedule CTS, if a customer is a member of a Customer Group pursuant to an Aggregator/Marketer's Agreement, Deficiency Imbalances and Excess Imbalances for that customer and for all members of the Customer Group shall be aggregated. Failure to comply with an OFO shall result in the creation of an OFO Deficiency Imbalance or for an OFO Excess Imbalance. The customer may be invoiced for any OFO Deficiency Imbalance or for any OFO Excess Imbalance at a rate of Fifty Dollars (\$50.00) per Mcf of such OFO Deficiency Imbalance or OFO Excess Imbalance for each day that said OFO Deficiency Imbalance or OFO Excess Imbalance remains in effect. In addition, after the Company has taken the steps set forth in this paragraph (i), any customer failing to adhere to an OFO shall be subject to immediate termination of all gas service.
- (j) Any customer receiving service subject to this Rate Schedule CTS must maintain computer capability necessary to access the Portal directly or through an Aggregator and/or Marketer pursuant to an Aggregator's/Marketer's Agreement acceptable to the Company.
- (k) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (l) Any customer receiving service subject to this Rate Schedule CTS must balance its CTS Firm Load, and if applicable, its ITS and CTS Limited Firm load pursuant to the terms of this Rate Schedule CTS.
- (m) A customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rate Schedule CTS on any day. All scheduling must be done in whole number dekatherms and not in fractions thereof.
- (n) Customer shall contract for service under the Company's Standard Gas Service Agreement (LV).
- (o) In the event that, during any month the sum of the month-to-date Deficiency Imbalances or Excess Imbalances, for non-Force Majeure reasons, for an Aggregator/Marketer exceeds three (3) times the ACD, the Company will immediately notify the Aggregator/Marketer via telephone, facsimile or similar means. If Deficiency Imbalances or Excess Imbalances reach five (5) times the ACD, the following will occur: (1) the Aggregator/Marketer is no longer eligible to function as an Aggregator/Marketer on the Company's system until the conditions set forth in this paragraph (m) are satisfied, but not before the first (1st) day of the following month; and (2) for the balance of the current month and for future months, the affected Aggregator /Marketer's customers will be supplied natural gas by the Company and will be billed on a prorated basis pursuant to the Rate Schedule GSG-LV Monthly BGSS rate. Such customers will be charged on a prorated basis upon this Rate Schedule CTS, including all Special

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 24**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

(Continued)

Provisions of this Rate Schedule CTS for gas delivered, including gas deliveries resulting in imbalances, prior to the implementation of the Rate Schedule GSG-LV Monthly BGSS rate.

In order to be reinstated as an eligible Aggregator/Marketer, following termination of aggregator/ Marketer status for Deficiency Imbalances or Excess Imbalances as set forth above, the Aggregator/Marketer in addition to meeting all other applicable requirements must post and maintain for one (1) year security in a credit facility satisfactory to the Company in an amount equal to two (2) times that which would otherwise be required by the Company. At the conclusion of that year and assuming no additional occurrence of Deficiency Imbalances or Excess Imbalances as described above, the Aggregator/Marketer will be released from its obligation to provide security in excess of that otherwise required by the Company. If an additional Deficiency Imbalance or Excess Imbalance as described above occurs during that one-year period, the Aggregator/Marketer will be disqualified as an Aggregator/Marketer upon the Company's system for an additional one (1) year period. As used in this Paragraph (m), ACD shall mean the aggregate of all Contract Demands, expressed in dekatherms, of all customers served by an Aggregator/Marketer under this Rate Schedule CTS.

- (p) The receipt of gas by the Company for transportation under this Rate Schedule CTS shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will by the Company-wide line loss percentage.
- (q) Customers subscribing to this Rate Schedule CTS may elect the "opt-out" provision provided for in the Standard Gas Service Agreement (LV). Such an "opt-out" customer will have no right or entitlement to have base load gas provided by the Company. Provided, however, that a customer electing the "opt-out" provision shall be eligible to receive balancing services from the Company pursuant to appropriate rate schedules and riders. In the case that an "opt-out" customer cannot provide for its capacity, gas supply, or both, the customer must either discontinue the use of base load gas or have it provided by South Jersey at the incremental price. The incremental price charged to an "opt-out" customer shall be the sum of: (1) the highest commodity cost of gas paid by the Company during the month in which the "opt-out" customer uses "Company" gas; and (2) the higher of the cost of incremental capacity needed to serve the returning "opt-out" customer or the system weighted average cost of capacity, plus other charges which must be paid by customers eligible for South Jersey's Monthly BGSS charge. The incremental price will be charged to the customer until the effective date of a new Standard Gas Service Agreement.
- (r) An "opt-out" customer will become eligible to purchase base load gas from the Company or transport gas without "opt-out" status, upon six months' notice to the Company of intention to no longer be an "opt-out" customer, provided that prior to the expiration of the six month notice period, the customer shall have entered into a new Standard Gas Service Agreement which includes the customer's agreement to purchase base load gas or transport without an "opt-out" status for a term of not less than one year. Upon the effective date of the new Standard Gas Service Agreement, which shall be no sooner than the end of the six month period in said notice, the customer shall no longer be obligated to pay the incremental prices set forth above. However, said customer will then be obligated to pay the higher balancing charge of \$0.685830 per Dt, including taxes. The Company will not have the right to waive this six month notice requirement.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Orders in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Firm:**

**Customer Charge:**

\$1,519.406250 per month

**Delivery Charge: <sup>(1)</sup>**

**Firm Sales Service and Firm Transportation Service**

Demand Charge:

D-1FT: \$26.389688 per Mcf of Contract Demand

Volumetric Charge:

\$.273445 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

Demand Charge:

D-2: \$16.494513 per Mcf of Contract Demand.

Volumetric Charge:

See Rider "A" of this Tariff.

---

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

---

**Issued \_\_\_\_\_**  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after \_\_\_\_\_**

**Filed pursuant to Orders in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated \_\_\_\_\_**



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 26**

**LARGE VOLUME SERVICE (LVS)**  
(Continued)

**Limited Firm:**

**Customer Charge:**

\$613.093750 per month

**Delivery Charge:**

**Firm Sales Service and Firm Transportation**

Volumetric Charge:

\$.385214 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

Applicable to customers who elect Firm Sales Service

Volumetric Charge:

See Rider "A" of this Tariff.

**PRICE TO COMPARE:**

The Company will provide the Price to Compare for an LVS customer, at said customer's request.

**LINE LOSS:**

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

**MINIMUM BILL:**

Sum of monthly Customer Charge and monthly Demand Charges, irrespective of use.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 27**

**LARGE VOLUME SERVICE (LVS)**

(Continued)

**APPLICABLE RIDERS:**

|                                   |                                                                                                        |
|-----------------------------------|--------------------------------------------------------------------------------------------------------|
| Basic Gas Supply Service Clause:  | The rate is depicted in Rider "A" of this Tariff.                                                      |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff. |
| Societal Benefits Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff. |
| Balancing Service Clause:         | All gas delivered to Customers under this Rate Schedule LVS is subject to Rider "I", of this Tariff.   |
| 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 nonbusiness 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the conditions of the Company's Standard Gas Service Agreement (LV).

**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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 28**

**LARGE VOLUME SERVICE (LVS)**

(Continued)

**SPECIAL PROVISIONS:**

- (a) Customer shall contract for service under the Company's Standard Gas Service Agreement (LV). A customer electing Limited Firm service under this Rate Schedule LVS must execute a Standard Gas Service Agreement (LV) for an initial term of at least twelve (12) months. An LVS Firm customer taking Limited Firm service may not reduce its Firm Contract Demand.
- (b) Due to system constraints, the Company may instruct some or all Firm Sales Service or Firm Transportation Service customers not to exceed the stated Contract Demand in the Standard Gas Service Agreement (LV) during a given twenty-four (24) hour period. Said instruction may be given orally or in writing. Any customer who then uses in excess of its Contract Demand may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule LVS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.

Due to system constraints, the Company may instruct some or all Firm Transportation Service customers not to exceed their nominated amounts of gas during a given twenty-four (24) hour period. Such instructions may be given orally or in writing. Any customer who then uses gas in excess of its nominated amount may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule LVS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service. Provided, however, that as to customers who have elected to take the Limited Firm service, such instruction will not be given more than ten (10) days during any LVS Year as to such Limited Firm service. As used in this Rate Schedule LVS, "LVS Year" shall mean a twelve (12) month period commencing November 1 and ending October 31.

Due to system constraints, the Company may instruct some or all Limited Firm sales customers or Limited Firm transportation customers to cease utilizing any gas service. Such instruction may not be given on more than ten (10) days during any Winter Season.

- (c) If during any month a Firm Sales Service or Firm Transportation Service customer having Alternate Fuel Capability utilizes gas in excess of the stated Contract Demand in the Standard Gas Service Agreement (LV), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such excess usage may be deemed to be utilized for either: (i) interruptible service to be billed upon Rate Schedule ITS at the service charge and the transportation charge set forth under Rate Schedule ITS, Paragraph (a); or (ii) Limited Firm charges set forth in the Monthly Rate Section of this Rate Schedule (LVS) whichever is applicable. An election to utilize Limited Firm transportation service or Limited Firm sales service must be made for a period of at least twelve (12) months.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 29**

**LARGE VOLUME SERVICE (LVS)**

(Continued)

- (d) If during any month a Firm Sales Service or Firm Transportation Service customer without Alternate Fuel Capability utilizes gas in excess of the stated Contract Demand in the Standard Gas Service Agreement (LV), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such customer may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule LVS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This daily charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (e) The Company will not accept gas for delivery from a Firm Transportation Service customer that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.
- (f) The Firm Transportation Service customer bears sole responsibility for costs incurred to deliver customer owned gas to the Company's City Gate Station and to provide interstate pipeline capacity.
- (g) The Firm Transportation Service customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in connection with the initiation and rendering of service under this Rate Schedule LVS. If the Company has accepted gas for delivery under this Rate Schedule and as a result thereof it incurs any financial or burdensome administrative obligation, the Company may impose a surcharge therefore.
- (h) The receipt of gas by the Company for Firm Transportation Service customers under this Rate Schedule LVS shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (i) Firm Transportation Service customers may not arrange for delivery to the Company, on any day, of gas volumes in excess of customer's then applicable daily Contract Demand unless authorized to do so by the Company; provided, however, that said excess deliveries may be authorized by the Company to cure a Deficiency Imbalance.
- (j) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (k) The existence of imbalances as defined in Rider "T" will be determined each day. If at the beginning of a day a Firm Transportation Service customer has an imbalance, the gas to fulfill that customer's daily Contract Demand for that day will be the first gas through the City Gate Station for the customer's account on that day. Gas to correct existing imbalances will be considered as the last gas coming through the City Gas Station for that customer's account on that day.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 30**

**LARGE VOLUME SERVICE (LVS)**

(Continued)

- (l) A Firm Transportation Service customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rate Schedule LVS on any day. All scheduling must be done in whole number dekatherms and not in fractions thereof.
- (m) The BGSS D-2 Demand Charge will equal the Company's system weighted average interstate pipeline demand charge plus the system weighted average gas reservation charge both as of October 1 of each year. The BGSS D-2 Demand Charge is subject to annual adjustment, to be made in the same proceeding in which the Company's annual Periodic BGSS Rate is established for the BGSS Year pursuant to Rider "A" of this Tariff. The BGSS D-2 Demand Charge shall not be less than the sum of the following: (1) the demand charge invoiced by Transcontinental Gas Pipe Line Corporation for its FT service; (2) the Pipeline Capacity Factor; and (3) one dollar (\$1.00) per Dt.
- (n) The Pipeline Capacity Factor will recover the difference between the Company's system weighted average pipeline demand cost and the demand cost of Transcontinental Gas Pipe Line Corporation's FT charge.
- (o) Customers subscribing to this Rate Schedule LVS may elect the "opt-out" provision provided for in the Standard Gas Service Agreement (LV). Such an "opt-out" customer will have no right or entitlement to have base load gas provided by the Company. Provided, however, that a customer electing the "opt-out" provision shall be eligible to receive balancing services from the Company pursuant to appropriate rate schedules and riders. In the case that an "opt-out" customer cannot provide for its capacity, gas supply, or both, the customer must either discontinue the use of base load gas or have it provided by South Jersey at the incremental price. The incremental price charged to an "opt-out" customer shall be the sum of: (1) the highest commodity cost of gas paid by the Company during the month in which the "opt-out" customer uses "Company" gas; and (2) the higher of the cost of incremental capacity needed to serve the returning "opt-out" customer or the system weighted average cost of capacity, plus other charges which must be paid by customers eligible for South Jersey's Monthly BGSS charge. The incremental price will be charged to the customer until the effective date of a new Standard Gas Service Agreement.
- (p) An "opt-out" customer will become eligible to purchase base load gas from the Company, or transport gas without "opt-out" status, upon six months' notice to the Company of intention to no longer be an "opt-out" customer, provided that prior to the expiration of the six month notice period, the customer shall have entered into a new Standard Gas Service Agreement which includes the customer's agreement to purchase base load gas or transport without an "opt-out" status for a term of not less than one year. Upon the effective date of the six month period in said notice, the customer shall no longer be obligated to pay the incremental prices set forth above. However, said customer will then be obligated to pay the higher balancing charge of \$0.685830 per Dt, including taxes. The Company will not have the right to waive this six month notice requirement.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 31**

**FIRM ELECTRIC SERVICE (FES)**

**APPLICABLE TO USE OF SERVICE FOR:**

All gas that is purchased or transported to generate electricity. Provided, however, that in order to qualify for this Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Contract Demand of 2,000 Mcf per day or more, or both. To be eligible for Firm Transportation Service under this Rate Schedule FES, 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 <sup>(2)</sup>**

**WINTER (November – March):**

**Demand Charge:**

- D-1 \$3.089100 per Mcf of Winter Daily Contract Demand
- D-2 \$8.247257 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

**Volumetric Charge:**

- C-1: \$.192648 per therm of consumption <sup>(1)</sup>
  - C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
  - C-3: \$.173700 per therm of consumption
  - C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.
- Minimum Bill:** The monthly D-1 and D-2 charges, irrespective of use.

**SUMMER (April – October):**

**Demand Charge:**

- D-1 \$3.089100 per Mcf of Summer Daily Contract Demand
- D-2 \$8.247257 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

**Volumetric Charge:**

- C-1: \$.192648 per therm of consumption <sup>(1)</sup>
- C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
- C-3: \$.173700 per therm of consumption
- C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (p)

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 32**

**FIRM ELECTRIC SERVICE (FES)**

(Continued)

**MINIMUM BILL:** The monthly D-1 and D-2 charge, irrespective of use.

**LINE LOSS:**

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

**APPLICABLE RIDERS:**

|                            |                                                                                                                                                                            |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Gas Supply Clause:   | The C-2 Rate is depicted on Rider A to this tariff, and is subject to adjustment pursuant to Special Provision (x) of this Rate Schedule.                                  |
| Customer Owned Gas Clause: | The C-2 Volumetric Charge is subject to adjustment, pursuant to Rider "D" of this Tariff, if the customer so requests in an executed Standard Gas Service Agreement (FES). |
| Societal Benefits Clause:  | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.                                                                     |
| 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the conditions of the Company's Standard Gas Service Agreement (FES).

**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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 33**

**FIRM ELECTRIC SERVICE (FES)**

(Continued)

**SPECIAL PROVISIONS:**

- (a) Customer shall contract for service under the Company's Standard Gas Service Agreement (FES), specifying a Winter Daily Contract Demand, a Summer Daily Contract Demand, an Annual Billing Determinant (ABD) and Daily Billing Determinant. In any given calendar year, should an FES customer not consume its ABD, the customer shall be billed the C-3 Charge for the difference in therms between the ABD and actual consumption.
- (b) On any day during the Winter Season, an FES customer may request service above its Winter Daily Contract Demand, and the Company may provide such service in the Company's sole reasonable discretion. If the FES customer requests such service, and such request is granted by the Company, (in addition to charges set forth in the Monthly Rate Section of this Rate Schedule FES) the customer will be charged 1.5 times the 100% load factor equivalent of the Winter D-1 and one times the D-2 Charge for the difference between the amount authorized by the Company for that day and the customer's Winter Daily Contract Demand, irrespective of whether the customer consumes this amount. Any consumption under this Special Provision (b) shall not be applied to meet the customer's requirement to consume its ABD pursuant to Special Provision (a).
- (c) During the Winter Season an FES Firm Sales Service or Firm Transportation Service customer may not exceed the stated Winter Daily Contract Demand in the Standard Gas Service Agreement (FES) during a twenty-four (24) hour period without authorization from the Company. Any customer who uses in excess of its Winter Daily Contract Demand without authorization, or if applicable, a larger amount authorized by the Company (excess usage), may be subject to an additional charge (in addition to charges set forth in the Monthly Rate Section of this Rate Schedule FES), for such excess use. Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, Zone 6 Non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. The customer shall also be charged 1.5 times the 100% load factor equivalent of the Winter D-1 Charge for all excess usage. Provided, however, that the Company may waive such charges if customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (d) For Firm Transportation Service customers, the receipt of gas by the Company for transportation under this Rate Schedule FES shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (e) In the Standard Gas Service Agreement (FES) customer shall designate the facility (or facilities) at which service will be received under this Rate Schedule (FES) ("FES Facility").
- (f) RESERVED FOR FUTURE USE
- (g) RESERVED FOR FUTURE USE

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 34**

**FIRM ELECTRIC SERVICE (FES)**

(Continued)

- (h) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (i) Service pursuant to this Rate Schedule FES shall be provided within the existing limitations of Company's system, and Company shall not be required to expand or alter the said system. Should Company, prior to the institution of service under this Rate Schedule FES in its sole reasonable discretion, elect to expand or alter its system in order to provide service pursuant to this Rate Schedule FES, the Company may require the customer to make a payment towards all or a part of the cost of the said expansion or alteration as Company shall determine in Company's discretion. Provided, however, that before making such expansion or alteration, Company shall provide an estimate in writing of the cost of such expansion or alteration to customer. Provided, however, that the making of such a payment shall give the customer no interest in the Company's system. All rights, including the rights of ownership and possession, shall be vested exclusively in the Company.
- (j) The Company may, at its sole reasonable discretion, offer a Winter and Summer D-1 Demand Charge and a C-3 Volumetric Charge on a negotiated basis. The D-1 charges, in conjunction with the C-3 charge, may not be lower than an amount sufficient to generate a reasonable return on capital investments made by the Company to provide service under this Rate Schedule FES and recovery of marginal and embedded costs, including depreciation. Such an offer shall be based upon cost of service and value of service considerations, including but not limited to such factors as: (1) proximity of customer to the Company's transmission lines; (2) whether the customer will utilize the Company's interstate pipeline capacity; (3) whether the customer will provide its own gas supply; (4) level of interruption elected by the customer pursuant to Special Provision (r) of this Rate Schedule; and (5) other pertinent factors. Such negotiated rates shall be set forth in the Standard Gas Service Agreement (FES) and filed with the Board within thirty (30) days of execution, for approval. Service Agreements containing the Benchmark Rates shown in the Monthly Rate section of this Rate Schedule (FES) shall not require filing with the Board. All agreements submitted to the Board for approval with a term of greater than five (5) years, must be accompanied by a justification for the extended term. The Company, the customer, the Board and its Staff shall treat any Standard Gas Service Agreement (FES) filed or to be filed with the Board, any petition related thereto, supporting documentation or any discovery related thereto as proprietary and trade secrets of the Company. As such, the contents of such material shall not be disclosed to any party, unless that party executes a confidentiality agreement acceptable to the Company.
- (k) The D-2 Charge set forth above is subject to an annual adjustment, which shall be made in the same proceeding in which the Company's Basic Gas Supply Service rates are established pursuant to Rider "A" of this Tariff. The D-2 Charge shall equal one half (1/2) the weighted average of all interstate pipeline demand charges imposed upon the Company, applicable October 1 of each year, plus applicable taxes. Said D-2 Charge will recover any pipeline demand charges, gas inventory charges, gas reservation charges, direct bill take-or-pay surcharges and similar charges. The C-2 Charge includes all commodity cost of gas to the Company other than the commodity cost of liquefied natural gas plus applicable taxes.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 35**

**FIRM ELECTRIC SERVICE (FES)**

(Continued)

- (l) On or before the twentieth day of each calendar month the customer shall provide to the Company, on a form to be provided by the Company, a Notice of Intent relative to Rider D. On said form customer shall advise Company as to whether it will only provide its own gas for delivery under Rider D, including potential peak day usage, or purchase some amount of the Company's gas under this Rate Schedule FES for the month succeeding delivery of said form. If during the month succeeding delivery of said form the customer requires gas supplies from the Company, over and above those so designated on the Notice of Intent, the Company will provide such supplies assuming availability of said supplies and interstate pipeline capacity. The Company's offer to provide such supplies shall include a rate for such gas which is no lower than the C-2 rate set forth in the Monthly Rate section of this Rate Schedule FES. If the FES customer accepts the rate so offered by the Company, the Company will give adequate notice of said offer and acceptance to the Board.
- (m) An FES customer who holds clear and marketable title to gas and who provides its own firm interstate pipeline capacity to the Company's City Gate Station may request authorization from the Company for discount of the Firm D-2 charge as set forth in the Monthly Rate Section of this Rate Schedule FES; provided, however, that said D-2 charges shall in no event be discounted for direct bill take-or-pay surcharges and similar charges.
- (n) Any charges imposed pursuant to the above Special Provisions of this Rate Schedule FES shall be in addition to other charges imposed pursuant to this Rate Schedule FES.
- (o) A Customer generating electricity, that qualifies pursuant to the provisions of N.J.S.A. 54:30A 50(c) shall be entitled to an appropriate rate reduction, to reflect the tax exemption.
- (p) Notwithstanding any other provisions of this Rate Schedule FES, customers who have previously executed a Standard Gas Service Agreement (LVCS) shall continue, from and after the date of acceptance of this Rate Schedule FES, for as long as such previously executed Standard Gas Service Agreement (LVCS) shall remain in effect, to be charged in accordance with the terms of the existing Standard Gas Service Agreement (LVCS). In this regard, such customers shall continue to be charged the LVCS D-1 and C-3 rates now charged by the Company, pursuant to existing Standard Gas Service Agreements (LVCS), until such customers no longer receive service pursuant to such Standard Gas Service Agreements (LVCS). This Special Provision (q) shall be applicable to those Standard Gas Service Agreements (LVCS) in existence prior to August 29, 2003.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 36**

**FIRM ELECTRIC SERVICE (FES)**

(Continued)

- (q) The customer shall indicate in the Standard Gas Service Agreement (FES) the maximum number of days during the Winter Season during which some or all of the customer's Winter Daily Contract Demand shall be interrupted. Due to system constraints, the Company may instruct one or all FES customer's to limit all or a portion of the customer's Winter Daily Contract Demand during a given twenty-four (24) hour period. Such instructions may be given orally or in writing but may be given no more than the number of days of permissible interruption specified in the Standard Gas Service Agreement (FES). Any customer who uses gas in excess of the amount to which the customer is interrupted during a given twenty-four (24) hour period may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule FES). Such additional charge shall be equal to ten (10) times the highest price of the daily ranges for that month that are published in Gas Daily in the table "Daily Price Survey" for delivery to "Transco, Zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (r) Pursuant to this Rate Schedule FES, when it is appropriate to charge a customer the 100% load factor equivalent of a Demand Charge, the same shall be calculated by dividing the Demand Charge by  $(30.4 \times \text{Therm Factor} \times 10)$ .
- (s) The D-1 and C-3 rates set forth in the Monthly Rate section of this Rate Schedule FES are "Benchmark" Rates. Unless different rates are offered and accepted pursuant to Special Provision (j) the Benchmark Rates will be applicable.
- (t) If the Benchmark Rates are applicable, the Customer will be subject to all future rate changes to such Benchmark Rates approved by the Board. Provided, however, that if negotiated rates are applicable, those negotiated rates will be subject to the same percentage changes that the Benchmark Rates are subject to through appropriate base rate proceedings. Provided, however, that agreements for negotiated rates may provide that the same percentage changes will not apply, if the Company provides justification for such non-applicability, and the Board finds it to be reasonable.
- (u) For all customers who become customers under this Rate Schedule FES after July 1, 2004, any increases or decreases to Rider "B", Rider "E", and Rider "I" shall be applicable to the Benchmark Rates, as well as negotiated rates.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 37**

**FIRM ELECTRIC SERVICE (FES)**

(Continued)

- (v) As of July 6, 2004, only one customer was receiving service under this Rate Schedule FES. Notwithstanding any other provision of this Rate Schedule FES, that customer's existing Standard Gas Service Agreement ("FES"), and amendments and addenda thereto (the "Existing Agreement") will continue in effect without modification to its terms or the rates paid. The Existing Agreement will only remain in effect if on or before August 16, 2004, the Company files a new Standard Gas Service Agreement ("FES") (the "Replacement Agreement") for approval by the Board. If the Replacement Agreement is not filed on or before August 16, 2004, then the FES customer will be invoiced at the Benchmark rates contained in this Rate Schedule FES. If the Replacement Agreement is filed on or before August 16, 2004, then the Existing Agreement will remain in effect, until the Board acts upon the Replacement Agreement.
- (w) The FES Monthly Commodity rate shall be calculated each month pursuant to the Monthly BGSS Subrider of the Basic Gas Supply Service Clause to this Tariff, except that paragraph (3) of the Monthly Formula in the Monthly BGSS Subrider shall not apply to FES customers. At any time during the month after the FES Monthly Commodity rate has been established, the Company may file a higher or lower rate to reflect changes or anticipated changes in gas costs. Such change may be made at the sole option of the Company after 3 hours advance notice, by telephone or otherwise, has been given to the Board and affected consumers.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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: <sup>(2)</sup>**

**Residential Customer Charge:**

\$13.861250 per month

**Residential Delivery Charge <sup>(1)</sup>**

**Residential Volumetric Charge:** \$.497510 per therm

**Commercial and Industrial Customer Charge:**

\$111.956250 per month

**Commercial and Industrial Delivery Charge: <sup>(1)</sup>**

**Commercial and Industrial Demand Charge:**

D-1 Charge: \$11.195625 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  
\$.477941 per therm

---

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (p)

---

**Issued \_\_\_\_\_**  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated \_\_\_\_\_**

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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

\$ .445954 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.                                                                                                              |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff.                                                              |
| Societal Benefits Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" 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.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 40**

**ELECTRIC GENERATION SERVICE (EGS)**

(Continued)

**TERM:**

The Company may offer service to a customer provided that the customer and the Company contract for service under the Company's Standard Gas Service Agreement (EGS). The Company shall be obligated to offer the customer a contract under this Rate Schedule EGS for service for a minimum of a 12 month period.

**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.

**SPECIAL PROVISIONS:**

- (a) EGS equipment must be metered and billed separately from all other gas equipment that may be used in a customer's facility.
- (b) The Company will not accept gas for delivery to Firm Transportation Service customers that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.
- (c) The Firm Transportation Service customer bears sole responsibility for costs incurred to deliver customer owned gas to the Company's City Gate Station and to provide interstate pipeline capacity.
- (d) The Firm Transportation Service customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in any financial or burdensome administrative obligation, the Company may impose a surcharge therefore.
- (e) Firm Transportation Service customers may not arrange for delivery to the Company, on any day, of gas volumes in excess of customer's then applicable Daily Contract Quantity ("DCQ") (or the quantity of gas burned daily if the Rider "I" customer has no DCQ) unless authorized to do so by the Company; provided, however, that said excess deliveries may be authorized by the Company to cure a Deficiency Imbalance.
- (f) For Firm Transportation Service customers, the existence of imbalances as defined in Rider "I" or Rider "J" will be determined each day. If at the beginning of a day a customer has an imbalance, the gas to fulfill that customer's Daily Contract Quantity ("DCQ") (or the quantity of gas burned on that day for a Rider "I" customer who has no DCQ) for that day will be the first gas through the City Gate Station for the customer's account on that day. Gas to correct existing imbalances will be considered as the last gas coming through the City Gas Station for that customer's account on that day.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 41**

**ELECTRIC GENERATION SERVICE (EGS)**  
(Continued)

- (g) Due to system constraints, the Company may instruct some or all EGS Firm Sales Service or Firm Transportation Service customers not to exceed the stated Firm Daily Contract Demand in the Standard Gas Service Agreement (EGS) during a given twenty-four (24) hour period. Said instruction may be given orally or in writing. Any customer who then uses in excess of its Firm Daily Contract Demand may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule EGS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (h) If during any month a Firm Sales Service or Firm Transportation Service customer having Alternate Fuel Capability utilizes gas in excess of the stated Firm Daily Contract Demand in the Standard Gas Service Agreement (EGS), multiplied by the number of days in that month, or if applicable, a larger amount authorized by the Company, such excess shall be deemed utilized for interruptible uses, and may be billed pursuant to Rate Schedule IGS or ITS, as applicable.
- (i) If during any month a Firm Sales Service or Firm Transportation Service customer without Alternate Fuel Capability utilizes gas in excess of the stated Firm Daily Contract Demand in the Standard Gas Service Agreement (EGS), or if applicable, a larger amount authorized by the Company, such customer may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule EGS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.", multiplied by the number of days in that month. This daily charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (j) The rates set forth in the Delivery Charge section of this Rate Schedule EGS assume that the customer receives balancing service under Rider "J" to this Tariff. If the customer selects balancing service under Rider "I" of this Tariff, then the Delivery Charges will be adjusted to reflect the Rider "I" Charges.
- (k) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 42**

**ELECTRIC GENERATION SERVICE (EGS)**

(Continued)

- (l) 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 the customer's facility on the Company's system.
- (m) A Customer generating electricity, that qualifies pursuant to the provisions of N.J.S.A. 54:30A-50(c) shall be entitled to an appropriate rate reduction, to reflect the tax exemption.
- (n) A Firm Transportation Service customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rate Schedule EGS on any day. All scheduling must be done in whole number dekatherms.
- (o) For Firm Transportation Service customers, the receipt of gas by the Company for transportation under this Rate Schedule EGS shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:**

\$1,092.906250 per month

**FIRM:**

**Demand Charges:** <sup>(2)</sup>

D-1 \$35.206382 per Mcf of Firm Daily Contract Demand.

D-2 \$16.575946 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

**Volumetric Charge:**

C-1: \$.193215 per therm of consumption<sup>(1)</sup>

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 \$8.247257 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

**Volumetric Charge:** <sup>(2)</sup>

C-1: \$.192648 per therm of consumption<sup>(1)</sup>

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.<sup>1</sup>

**Minimum Bill:** Monthly D-2 charge, irrespective of use.

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (j).

**Issued** \_\_\_\_\_  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after** \_\_\_\_\_

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated** \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 44**

**ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)**  
(Continued)

**LINE LOSS**

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

**APPLICABLE RIDERS:**

|                                   |                                                                                                                                                                                         |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Gas Supply Service Clause:  | The C-2 rate is depicted in Rider “A” of this Tariff.                                                                                                                                   |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “B” of this Tariff.                                                                                  |
| Societal Benefits Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “E” of this Tariff.                                                                                  |
| Customer Owned Gas Clause:        | The Firm and Limited Firm C-2 Volumetric Charges are subject to adjustment, pursuant to Rider “D” of this Tariff, if so elected in an executed Standard Gas Service Agreement (EGS-LV). |
| Balancing Service Clause:         | All gas delivered to customers under this Rate Schedule EGS-LV is subject to Rider “I” of this Tariff.                                                                                  |
| Energy Efficiency Tracker:        | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “N” of this Tariff.                                                                                  |

All rates, except for the Firm and Limited Firm C-2 Volumetric Charges, are subject to Special Provision (e) of this Rate Schedule (EGS-LV).

**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 nonbusiness 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the conditions of the Company’s Standard Gas Service Agreement (EGS-LV). The Company will continue service, and take all steps it deems reasonable to provide such service during the term specified in the Standard Gas Service Agreement (EGS-LV). Provided, however, that each year effective November 1 such agreement is subject to revision by the Company to reflect its ability to continue service at Standard Gas Service Agreement (EGS-LV) levels. No change in service level shall be effective unless the Company notifies the customer on or before May 1 of any year. Based upon such review, the Company may advise the customer that the Company cannot provide service

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 45**

**ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)**

(Continued)

at such levels for the ensuing 12 month period, and further advise the customer as to what levels of service the Company can provide for such period. The customer shall have thirty (30) days from such notice to accept the revised levels of service, or terminate the Standard Gas Service Agreement (EGS-LV) effective the following November 1. If the customer does not so notify the Company of termination, in writing, the Standard Gas Service Agreement (EGS-LV) will be deemed revised to reflect the new levels of service, and in all other respects will remain in full force and effect. The Company will determine that a revision to levels of service specified in the Standard Gas Service Agreement (EGS-LV ) is necessary, if not making such revisions would impact the Company's ability to provide service under Rate Schedules RSG, GSG, LVS, YLS, SLS or successor rate schedules.

**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.

**SPECIAL PROVISIONS:**

- (a) Equipment served under this Rate Schedule EGS-LV must be metered separately from all other gas that may be used in a customer's facility. At the Company's request, the Company will be provided with all engineering drawings related to the flow of fuel within the customer's facility and will be provided with physical access to the customer's facility to confirm conformity with this Special Provision (a).
- (b) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (c) It is contemplated that service pursuant to this Rate Schedule EGS-LV shall be provided within the existing limitations of Company's system, and Company shall not be required to expand or alter the said system. Should Company, prior to the institution of service under this Rate Schedule EGS-LV in its sole reasonable discretion, elect to expand or alter its system in order to provide service pursuant to this Rate Schedule EGS-LV, Company may require the customer to make a payment towards all or a part of the cost of the said expansion or alteration as Company shall determine in Company's sole reasonable discretion. Provided, however, that before making such expansion or alteration, Company shall provide an estimate in writing of the cost of such expansion or alteration to customer. Provided, however, that the making of such a payment shall give the customer no interest in the Company's system. All rights, including the rights of ownership and possession, shall be vested exclusively in the Company.
- (d) Due to system constraints, the Company may instruct any one or all EGS-LV customers to limit all or any portion of customer's EGS-LV Limited Firm Daily Contract Demand usage during a given twenty-four (24) hour period. Said instructions may be given orally or in writing but may be given on a maximum of sixty (60) days in any Winter Season. As used in this Rate Schedule EGS-LV "Winter Season" shall mean a period embracing the months of November through March, running consecutively. Such instructions shall only be given if, in the Company's sole reasonable discretion, service to its RSG, GSG, GSG-LV, LVS, EGS, YLS, SLS (or successor rate schedules) customers may be impacted if not given. Any customer who then uses gas in excess of the level instructed may be invoiced at an additional charge (in addition to the

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 46**

**ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)**

(Continued)

charges set forth in the Monthly Rate section of this Rate Schedule EGS-LV). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in Gas Daily in the table “Daily Price Survey” for delivery to “d), zone 6 non-N.Y.”. This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation.

- (e) The Company may, at its sole reasonable discretion, offer a D-1 Demand Charge and a C-3 Commodity Charge on a negotiated basis. The D-1 charge, taken in combination with the Limited Firm C-3 charge, if applicable, may not be lower than an amount sufficient to generate a reasonable return on capital investments made by the Company and recovery of marginal and embedded costs, including depreciation, to provide service under this Rate Schedule EGS-LV. If such an offer is made it shall be based upon cost of service and value of service considerations, including but not limited to such factors as: (1) proximity of customer to the Company's transmission lines; (2) whether the customer will utilize the Company's interstate pipeline capacity; (3) whether the customer will provide its own gas supply; and (4) other pertinent factors. Such negotiated percentages and resultant rates shall be set forth in the Standard Gas Service Agreement (EGS-LV) and filed with the Board within thirty (30) days of execution, for approval. Service Agreements providing that the customer will pay the Benchmark Rates shown in the Monthly Rate section of this Rate Schedule (EGS-LV) shall not require filing with the Board. The Benchmark Rates contained in service agreements shall be subject to modification as provided by Special Provision (m) of this Rate Schedule EGS-LV. All agreements submitted to the Board shall contain an explanation regarding the term of the agreement. The Company, the customer, the Board and its Staff shall treat any Standard Gas Service Agreement (EGS-LV) filed or to be filed with the Board, any petition related thereto, supporting documentation or any discovery related thereto as proprietary and trade secrets of the Company. As such, the contents of such material shall not be disclosed to any party, unless that party executes a confidentiality agreement acceptable to the Company.
- (f) The Firm and Limited Firm D-2 charges, and Firm and Limited Firm C-2 charge set forth above are subject to adjustment pursuant to Rider “A” of this Tariff. The Firm D-2 charge includes the highest interstate pipeline contract demand charge applicable to the Company at October 1 of each year, which will include, but not be limited to, pipeline demand charges, reservation fees, gas inventory charges and direct bill take-or-pay surcharges, plus applicable taxes. The Limited Firm D-2 charge shall equal one-half (1/2) the weighted average of all interstate pipeline demand charges applicable to the Company at October 1 of each year which will include, but not be limited to, pipeline demand charges, reservation fees, gas inventory charges and direct bill take-or-pay surcharges, plus applicable taxes. The Firm and Limited Firm D-2 charges will also recover all appropriate charges pursuant to Rider “G”, of this Tariff.
- (g) If during any month a customer utilizes gas in excess of that customer's aggregate Firm Daily Contract Demand for said month, or if applicable, a larger amount authorized by the Company, such usage may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate section of this Rate Schedule EGS-LV). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in Gas Daily in the table “Daily Price Survey” for delivery to “Transco, zone 6 non-N.Y.”. This rate shall not be

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 47**

**ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)**

(Continued)

lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation.

- (h) A Customer generating electricity that qualifies pursuant to the provisions of N.J.S.A. 54:30A-50(c) shall be entitled to an appropriate rate reduction, to reflect the tax exemption.
- (i) For Firm Transportation Service customers, the receipt of gas by the Company for transportation under this Rate Schedule EGS-LV shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (j) Notwithstanding any other provisions of this Rate Schedule EGS-LV, customers who have previously executed a Standard Gas Service Agreement (LVCS) shall continue, from and after June 30, 2004, and for as long as such previously executed Standard Gas Service Agreement (LVCS) shall remain in effect, to be charged in accordance with the terms of the existing Standard Gas Service Agreement (LVCS), and any addenda or amendments thereto. In this regard, such customers shall continue to be charged the LVCS D-1 and C-3 rates now charged by the Company, pursuant to the existing Standard Gas Service Agreements (LVCS), and any addenda or amendments thereto, until such customers no longer receive service pursuant to such Standard Gas Service Agreements (LVCS), and any addenda or amendments thereto. This Special Provision (k) shall be applicable to those Standard Gas Service Agreements (LVCS), and any addenda or amendments thereto in existence prior to August 29, 2003.
- (k) The D-1 and C-3 rates set forth in the Monthly Rate section of this Rate Schedule EGS-LV are "Benchmark" Rates. Unless different rates are offered and accepted pursuant to Special Provision (e) the Benchmark Rates will be applicable.
- (l) If the Benchmark Rates are applicable, the Customer will be subject to all future rate changes to such Benchmark Rates approved by the Board. Provided, however, that if negotiated rates are applicable, those negotiated rates will be subject to the same percentage changes that the Benchmark Rates are subject to through appropriate base rate proceedings. Provided, however, that agreements for negotiated rates may provide that the same percentage changes will not apply, if the Company provides justification for such non-applicability, and the Board finds it to be reasonable.
- (m) For all customers who become customers under this Rate Schedule EGS-LV after July 1, 2004, any increases or decreases to Rider "E" and Rider "I" shall be applicable to the Benchmark Rates, as well as negotiated rates.
- (n) Customers subscribing to this Rate Schedule EGS-LV may elect the "opt-out" provision provided for in the Standard Gas Service Agreement (EGS). Such an "opt-out" customer will have no right or entitlement to have base load gas provided by the Company. Provided, however, that a customer electing the "opt-out" provision shall be eligible to receive balancing services from the Company pursuant to appropriate rate schedules and riders. In the case that an "opt-out" customer can not provide for its capacity, gas supply, or both, the customer must either discontinue the use of

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 48**

**ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)**

(Continued)

base load gas or have it provided by South Jersey at the incremental price. The incremental price charged to an “opt-out” customer shall be the sum of: (1) the highest commodity cost of gas paid by the Company during the month in which the “opt-out” customer uses “Company” gas; and (2) the higher of the cost of incremental capacity needed to serve the returning “opt-out” customer or the system weighted average cost of capacity, plus other charges which must be paid by customers eligible for South Jersey’s Monthly BGSS charge.

- (o) An “opt-out” customer will become eligible to purchase base load gas from the Company, or transport gas without “opt-out” status upon six months’ notice to the Company of intention to no longer be an “opt-out” customer. It will not be necessary for an EGS-LV “opt-out” customer to execute a new Standard Gas Service Agreement in order to purchase base load gas from the Company or transport gas without “opt-out” status. However, the customer must commit to purchase base load gas or transport gas without “opt-out” status for a minimum of one year. At the end of the six month period specified in said notice, the customer shall no longer be obligated to pay the incremental prices set forth above. However, said customer will then be obligated to pay the higher balancing charge of \$0.685830 per Dt, including taxes. The Company will not have the right to waive this six month notice requirement.
- (p) Customer shall contract for service under the Company’s Standard Gas Service Agreement (EGS).

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**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 \$19.302186 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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**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 \$22.894322 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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 51**

**INTERRUPTIBLE GAS SERVICE (IGS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Interruptible uses of gas by all customers.

**CHARACTER OF SERVICE:**

Interruptible Sales Service.

Service will be provided when the Company in its sole reasonable discretion deems sufficient gas supplies to be available for said service. Service may be interrupted or curtailed at the sole option of the Company after not less than three (3) hours advanced notice by telephone or otherwise. During periods of interruption, the Company may permit the continued use of gas for pilots. When permitted, such usage shall not be subject to the terms of Special Provision (b) of this rate schedule.

**MONTHLY RATE:**

- (a) The rate per therm of gas under this Rate Schedule, IGS, shall be designed to yield at least a profit of \$.01 per therm, after consideration of Costs Applicable.
  - (i) For a customer that certifies that it has, or is capable of having, an Alternate Fuel Capability of No. 6 oil, the appropriate price shall be that of No. 6 oil; or
  - (ii) For a customer that does not certify that it has, or is capable of having, an Alternate Fuel Capability of No. 6 oil, the appropriate price shall be that of No. 2 oil.
  - (iii) For a Rate Schedule FES customer, the appropriate price shall be price at which said customer certifies that it is able to purchase fuels.
- (b) RESERVED FOR FUTURE USE.
- (c) The rate set under this Rate Schedule shall be established on or about the 27th day of each calendar month for the month succeeding said calendar month. Provided, however, that such rate shall be filed with the Board at least three (3) business days prior to its effective date.

**APPLICABLE RIDERS:**

Societal Benefits Clause:

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Energy Efficiency Tracker:

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "N" of this Tariff.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 52**

**INTERRUPTIBLE GAS SERVICE (IGS)**

(Continued)

**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 nonbusiness 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.

**TERM:**

Customer may terminate service upon written notice to the Company, pursuant to the conditions of the Company's Standard Gas Service Agreement (IGS), if applicable; otherwise, in order to effectuate a termination, customer must provide adequate 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.

**SPECIAL PROVISIONS:**

- (a) On or about the 27th day of each calendar month during months when the Company believes it is necessary to do so, the Company shall notify customers under this Rate Schedule of the volumes of gas to be allotted to each customer during the forthcoming month. Within five (5) days of receipt of such notice the customer must notify the Company in writing whether it will purchase all, some specific portion, or none of the allotted gas. The customer shall be obligated to purchase at least fifty percent (50%) of the amount which customer indicates it will purchase during the month. If the customer purchases less than fifty percent (50%), the customer will be billed for the difference between actual consumption and seventy-five percent (75%) at a rate equal to the Monthly BGSS charge. If the customer purchases more than 100% of the amount customer indicates it will purchase, or a greater amount if the customer is authorized to utilize a greater amount by the Company, the amount in excess of 100% will be deemed unauthorized and be subject to the charge in Special Provision (c) of this rate schedule. Provided, however, that the amount which the customer indicates it will purchase during the month shall be reduced to the extent that any unforeseen failure of equipment during such month results in reduced gas consumption by said customer.

Further provided, that if service under rate schedule IGS is interrupted during any month, the amount nominated by the customer to be purchased during the month will be reduced by multiplying said amount by a fraction: (1) the numerator of which is the number of days in the month less the number of days during the month in which the Company could not serve any interruptible gas to the customer; and (2) the denominator of which is the number of days in the month.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 53**

**INTERRUPTIBLE GAS SERVICE (IGS)**

(Continued)

On any day that the Company does not offer to the customer at least fifty percent (50%) of the customer's daily nominated amount of IGS gas, the customer will receive credit for having used fifty percent (50%) of the daily nominated amount, when determining the purchase obligation under this Special Provision (a) provided that the customer uses some IGS gas on that day.

- (b) Any customer who does not accept gas offered under this Rate Schedule within the period of time allotted by the Company shall be deemed to have rejected such offer and waived all entitlements to the offered gas.
- (c) Due to system constraints, the Company may instruct any one or all IGS customers not to consume in excess of a Stated Amount of gas during a given twenty-four (24) hour period. Said instruction may be given orally or in writing. Any customer who then uses in excess of the Stated Amount may be invoiced for an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule IGS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (d) At any time prior to the inception of billing of a filed rate for a given month, the Company may file a lower rate for that month to reflect market conditions. Any customer who accepts the Company's offer to use gas under this Rate Schedule within the period of time allotted by the Company shall be allowed the benefit of any rate decreases the Company may file pursuant to this provision.
- (e) Cogeneration equipment must be metered separately from all other gas that may be used in a customer's facility.
- (f) The Company may, in its reasonable discretion invoice a customer for the costs associated with metering cogeneration consumption.
- (g) As a condition precedent to service under this Rate Schedule IGS, written application will be required by the customer on either of the following, as appropriate: (1) Standard Gas Service Agreement (IGS); (2) Standard Gas Service Agreement (LV); (3) Standard Gas Service Agreement (GS); (4) Standard Gas Service Agreement (EGS); or (5) Standard Gas Service Agreement (ITS).
- (h) Any time during the month after a filed rate has been established and after adequate notice has been given to the Board and said customers, the Company may file a higher or lower rate. Any increase or decrease pursuant to this provision shall take place as necessary during any month, and then only upon three (3) hours' advance notice to customers by telephone or otherwise.
- (i) RESERVED FOR FUTURE USE.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 54**

**INTERRUPTIBLE GAS SERVICE (IGS)**

(Continued)

- (j) If a customer receives service under this rate schedule, and has propane facilities on its premises, the customer shall receive no benefit or priority of entitlement to gas allocations from the Company, unless said benefit or priority is provided by applicable State or Federal laws or regulations.
- (k) During a month the Company may determine that service rendered under this Rate Schedule IGS will not, on a monthly or seasonal basis (the winter season being December, January or February, and all else being the summer season) experience at least \$.01 profit per therm. In said event, the Company may determine that a deficit accounting balance exists and may impose a surcharge upon customers purchasing gas under this Rate Schedule IGS. The surcharge shall be assessed against customers purchasing gas under this Rate Schedule IGS, based upon volumes consumed during the month or months in which said deficit accounting imbalance arose.
- (l) As of November 1 of each year, customers purchasing gas pursuant to this Rate Schedule IGS whose alternate fuels are No. 2 oil, jet fuel or kerosene are required to have seven (7) days of Alternate Fuel Capability, or, if that customer's on-site Alternate Fuel Capability storage capacity is less than seven (7) days, then that customer must have its Alternate Fuel Capability filled to capacity, and must have an additional firm contractual alternate fuel supply arrangement, so that when the firm contractual alternate fuel supply arrangement is taken together with that customer's Alternate Fuel Capability on hand, the sum total shall equal seven (7) days. No customer shall be required to acquire or construct additional Alternate Fuel Capability storage capacity, in order to meet the terms of this Special Provision (l).
- (m) On or before November 1 of each year, each customer receiving gas pursuant to this Rate Schedule IGS must supply a Certification to the Company, certifying that the customer has met the requirements of Special Provision (l).
- (n) All customers receiving gas service pursuant to this Rate Schedule IGS, whose alternate fuel is not either No. 2 oil, jet fuel or kerosene, and all such customers who agree to suspend operations during an interruption of Rate Schedule IGS service, are not required to maintain Alternate Fuel Capability in accordance with Special Provision (l). However, all such customers must file a Certification with the Company, indicating the customer's alternate fuel, or indicating the customer's agreement to discontinue operations during an interruption of Rate Schedule IGS service.
- (o) Wholesale electric generators, including cogeneration customers, are exempt from the requirements of Special Provisions (l), (m) and (n) of this Rate Schedule IGS.
- (p) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff.
- (q) Any charges imposed pursuant to the above Special Provisions of this Rate Schedule IGS shall be in addition to other charges imposed pursuant to this Rate Schedule IGS.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 55**

**INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Interruptible uses of gas to customers who hold clear and marketable title to gas that is made available for transportation service on the Company's system. Pursuant to this Rate Schedule ITS, the Company shall transport gas made available for transportation from the Company's City Gate Station to a designated point of delivery.

**CHARACTER OF SERVICE:**

Interruptible Transportation Service.

**MONTHLY RATE:**

**Service Charge:**

\$613.093750 per month

Billable for the duration of the Standard Gas Service Agreement (ITS). The Service Charge will not be prorated.

**Transportation Charge:**

- (a) For transportation of gas by customers served under Rate Schedules CTS, LVS, FES, or EGS-LV or industrial customers who have an annualized average interruptible use of 200 Mcf or more per day:  
\$.136907 per therm
- (b) For transportation of gas by customers served under Rate Schedules GSG or GSG-LV that certify that they have an Alternate Fuel Capability of No. 6 oil.  
\$.206000 per therm
- (c) For transportation of gas not qualified for delivery under Paragraph (a) or (b) of this Transportation Charge:  
\$.269975 per therm

**Line Loss:**

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

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 56**

**INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)**

(Continued)

**APPLICABLE RIDERS:**

|                            |                                                                                                                                          |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Societal Benefits Clause:  | All gas consumed under this Rate Schedule ITS is subject to adjustment pursuant to Rider "E" of this Tariff.                             |
| Balancing Service Clause:  | All gas transported under this Rate Schedule ITS is subject to balancing requirements pursuant to Rider "I" or Rider "J" of this Tariff. |
| Energy Efficiency Tracker: | All gas consumed under this Rate Schedule ITS is subject to adjustment 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 nonbusiness 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.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the conditions of the Company's Standard Gas Service Agreement (ITS).

**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.

**SPECIAL PROVISIONS:**

- (a) Customer shall contract for ITS service with Company and designate a Scheduled Daily Delivery on the prescribed Standard Gas Service Agreement (ITS). For a period concurrent with the term of the Standard Gas Service Agreement (ITS), the customer must have executed at least one of the following: a Standard Gas Service Agreement (GS); a Standard Gas Service Agreement (LV); a Standard Gas Service Agreement (EGS); a Standard Gas Service Agreement (FES); or, a Standard Gas Service Agreement (IGS).
- (b) Gas transported under this Rate Schedule ITS shall be utilized solely in equipment for which the customer has, or is capable of having, an Alternate Fuel Capability.
- (c) The Company will not accept gas for delivery that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 57**

**INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)**

(Continued)

- (d) The customer bears sole responsibility for costs incurred to deliver transportation gas to the Company's city gate station.
- (e) Customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in connection with the initiation and rendering of service under this Rate Schedule ITS. If the Company has accepted gas for delivery under this Rate Schedule and as a result thereof it incurs any financial or burdensome administrative obligation, the Company may impose a surcharge therefore.
- (f) It is contemplated that service pursuant to this Rate Schedule ITS shall be provided within the existing limitations of Company's system, and Company shall not be required to expand or alter the said system.
- (g) Should Company, in its sole discretion, elect to expand or alter its system in order to provide service pursuant to this Rate Schedule ITS, Company may require the customer to make a payment towards all or a part of the cost of the said expansion or alteration as Company shall determine in Company's discretion. Provided, however, that before making such expansion or alteration, Company shall provide an estimate in writing of the cost of such expansion or alteration to customer. Customer shall then have the option of terminating the Transportation Service Agreement within ninety (90) days of the receipt of such estimate by written notice of termination. If customer does not so terminate, customer shall be required to make the payment required by this Special Provision (g). Further, provided, however, that the making of such a payment shall give the customer no interest in the Company's system. All rights, including the rights of ownership and possession, shall be vested exclusively in the Company.
- (h) Company retains sole reasonable discretion as to whether or not a particular customer or particular customers shall receive service pursuant to this Rate Schedule ITS.
- (i) Transportation Service may be curtailed or discontinued at the sole option of the Company after not less than three (3) hours, advance notice by telephone or otherwise. However, the customer shall continue to hold title to any gas (less line loss) received by Company and not delivered to customer prior to such curtailment or discontinuance.
- (j) The customer who anticipates a need for gas in excess of its daily firm requirements and designated Scheduled Daily Delivery for transportation, must nominate the excess level required, by advising the Company of its request to use such gas by no later than 9:00 AM of the day preceding such use. If the Company agrees to supply such nominated gas, it will do so pursuant to the provisions of its IGS Rate Schedule.
- (k) Gas consumption in excess of the nominated quantities described in Special Provision (k) of this Rate Schedule may be deemed unauthorized consumption and subject to the charges provided for in Special Provision (o) of this Rate Schedule. Provided, however, that the Company may waive such additional charge, in its sole reasonable discretion, if the customer demonstrates good cause for such consumption, and, such consumption does not adversely impact service to other customers. Further provided, however, that on any day during which gas receipts for a customer's account exceed gas utilized by the customer, after adjustment for line loss and sales authorized by the Company, such excess receipts will be subject to applicable balancing provisions of this Tariff.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 58**

**INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)**

(Continued)

- (l) For the purpose of calculating monthly bills, all firm gas requirements (gas deemed purchased, Firm Transportation Service gas, or customer owned gas delivered under rate schedules CTS, GSG, GSG-LV, LVS, EGS, EGS-LV or FES, or Riders thereto) shall be deemed "first through the meter" and will be billed before any volumes will have been deemed to be delivered under this Rate Schedule ITS. Gas consumed in excess of firm gas and the Scheduled Daily Delivery pursuant to this Rate Schedule ITS will be billed upon Rate Schedule IGS.
- (m) The receipt of gas by the Company for transportation under this Rate Schedule ITS shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (n) If gas is consumed for more than three (3) hours after a notice to discontinue or curtail service, and gas is not being simultaneously offered to the customer by the Company on an applicable interruptible sales rate schedule, such gas consumed shall be deemed as unauthorized use gas owned by the Company. If gas is being simultaneously offered to the customer by the Company on an applicable interruptible rate schedule, the customer shall be billed for such gas consumed on said rate schedule.
- (o) Due to system constraints, the Company may instruct some or all ITS customers not to exceed the stated Scheduled Daily Delivery in the Standard Gas Service Agreement (ITS) during a given twenty-four (24) hour period. Said instruction may be given orally or in writing. Any customer who then uses in excess of its Scheduled Daily Delivery may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule ITS). Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Gas Price Survey" for delivery to "Transco, zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service. This charge shall also be applicable to unauthorized use gas.
- (p) If a customer receives service under this rate schedule, and has propane facilities on its premises, the customer shall receive no benefit or priority of entitlement to gas allocations from the Company, unless said benefit or priority is provided by applicable State and Federal laws or regulations.
- (q) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- (r) A customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rate Schedule ITS on any day. All scheduling must be done in whole number dekatherms and not in fractions thereof.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 59**

**INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)**

(Continued)

- (s) As of November 1 each year, customers transporting gas pursuant to this Rate Schedule ITS whose alternate fuels are No. 2 oil, jet fuel or kerosene are required to have seven (7) days of Alternate Fuel Capability, or, if that customer's on-site Alternate Fuel Capability is less than seven (7) days, then that customer must have an additional firm contractual alternate fuel supply arrangement, so that when the firm contractual alternate fuel supply arrangement is taken together with that customer's Alternate Fuel Capability on hand, the sum total shall equal seven (7) days. No customer shall be required to acquire or construct additional Alternate Fuel Capability storage capacity, in order to meet the terms of this Special Provision (t).
- (t) On or before November 1 of each year, each customer transporting gas pursuant to this Rate Schedule ITS must supply a Certification to the Company, certifying that the customer has met the requirements of Special Provision (t).
- (u) All customers transporting gas pursuant to this Rate Schedule ITS, whose alternate fuel is not either No. 2 oil, jet fuel or kerosene, and all such customers who agree to suspend operations during an interruption of Rate Schedule ITS service, are not required to maintain Alternate Fuel Capability in accordance with Special Provision (t). However, all such customers must file a Certification with the Company, indicating the customer's alternate fuel, or indicating the customer's agreement to discontinue operations during an interruption of Rate Schedule ITS service.
- (v) Wholesale electric generators, including cogeneration customers, are exempt from the requirements of Special Provisions (t) and (u) of this Rate Schedule ITS.
- (w) Any charges imposed pursuant to the above Special Provisions of this Rate Schedule ITS shall be in addition to other charges imposed pursuant to this Rate Schedule ITS.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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: \$0.200579 per therm (\$0.250724 GGE\*)

Distribution Charge: \$0.317535 per therm (\$0.396919 GGE\*)

Compression Charge: \$0.767700 per therm (\$0.959625 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 \$0.1830 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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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       | \$282.556300   |
| 25,000 and greater Cf/hour | \$1,092.906250 |

**Volumetric Charges**

C-1: \$0.200579 per therm (\$0.250724 GGE)

Distribution Charge: \$0.317535 per therm (\$0.396919 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: \$0.340024 (\$0.425030 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.

---

**Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President**

**Effective with service rendered  
on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_**

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original 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       | \$282.556300   |
| 25,000 and greater Cf/hour | \$1,092.906250 |

**Volumetric Charge**

C-1: \$0.200579 per therm (\$0.250724 GGE)

Distribution Charge: \$0.317535 per therm (\$0.396919 GGE)

**Facilities Charge**

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

C-2: \$0.340024 per therm (\$0.425030 GGE)

Sales taxes are not included in the above basic charges. The Company is under no obligation to determine if a customer is exempt from taxation. Customers seeking tax exemption must file verification with the Company.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the  
Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 63**

**NATURAL GAS VEHICLE (NGV)  
(Continued)**

**APPLICABLE RIDERS FOR COMPANY OWNED AND CUSTOMER OWNED STATIONS:**

|                                   |                                                                                                                                          |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Gas Supply Service Clause:  | BGSS charges are depicted in Rider “A” of this Tariff for Firm Sales Service.                                                            |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “B” of this Tariff.                                   |
| Societal Benefits Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “E” of this Tariff.                                   |
| Balancing Service Clause:         | All gas transported under this Rate Schedule NGV is subject to balancing requirements pursuant to Rider “I” or Rider “J” of this Tariff. |
| 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 nonbusiness 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 a State, county or municipal government entities.

**TERM:**

Customer may discontinue service upon written notice to the Company, pursuant to the terms of the Company's Standard Gas Service Agreement (NGV), if applicable, otherwise, in order to effectuate a termination, customer must provide adequate 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.

In addition, the term Land Rights shall mean such easements, licenses, consents or similar documents, in recordable form, that the Company deems reasonably sufficient to secure its rights to install equipment necessary to provide NGV service at the Customer's premises.

**SPECIAL PROVISIONS:**

- a) The Company will require, as a condition precedent to the receipt of service under this Rate Schedule NGV, that an eligible customer execute a Standard Gas Service Agreement (NGV), to indicate, among other things, the customer's minimum and maximum capability to utilize gas under Rate Schedule NGV; the level of service; and the customer's Contract Demand.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 64**

**NATURAL GAS VEHICLE (NGV)**

**(Continued)**

- b) For customers that elect to have the Company construct CNG fueling facilities located on Customer's property, the Company may require in addition to the C-2 Facilities Charge, that a customer agree to pay a Minimum Annual Facilities Charge ("MAFC"), provided that the MACF must be sufficient to enable the Company to fully recover the applicable revenue requirements of all such Company constructed facilities over a negotiated period as set forth in the Standard Gas Service Agreement (NGV). The MACF may be revised or omitted at the expiration of the term of the Standard Gas Service Agreement (NGV). In its sole reasonable discretion, the Company may also require a cash deposit, letter of credit or other security to assure payment of the MAFC.
- c) Customer may request that the Company operate and/or maintain CNG fueling facilities located on Customer's property. Dispensing of compressed natural gas into vehicles shall be the sole responsibility of the Customer. Any Company responsibility for operating and/or maintaining CNG fueling facilities shall be delineated in the Standard Service Agreement (NGV). The costs associated with all operation and/or maintenance of CNG fueling facilities located on Customer's property by the Company shall be charged to the Customer as a pass through of actual costs incurred by the Company. The Company may require separate electric metering in instances where the Customer requests that the Company be responsible for contracting of electric supply for the CNG fueling facilities, and the Company agrees to do so.
- d) The Company will not accept gas for delivery to Firm Transportation Service customers that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.
- e) The Firm Transportation Service customer bears sole responsibility for costs incurred to deliver customer owned gas to the Company's City Gate Station and to provide interstate pipeline capacity.
- f) The Firm Transportation Service customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in any financial or burdensome administrative obligation; the Company may impose a surcharge therefore.
- g) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.
- h) The rates set forth in the Delivery Charge section of this Rate Schedule NGV assume that the customer receives balancing service under Rider "J" to this Tariff. If the customer selects balancing service under Rider "I" of this Tariff, then the Delivery Charges will be adjusted to reflect the Rider "I" Charges.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 65**

**RIDER "A"**  
**BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")**

**APPLICABLE TO:**

|                      |   |                                            |
|----------------------|---|--------------------------------------------|
| Rate Schedule RSG    | - | Residential Service                        |
| Rate Schedule GSG    | - | General Service                            |
| Rate Schedule GSG-LV | - | General Service – Large Volume             |
| Rate Schedule LVS    | - | Large Volume Service                       |
| Rate Schedule FES    | - | Firm Electric Service                      |
| Rate Schedule EGS    | - | Electric Generation Service                |
| Rate Schedule EGS-LV | - | Electric Generation Service - Large Volume |
| Rate Schedule NGV    | - | Natural Gas Vehicle                        |
| Twentieth            |   |                                            |

**APPLICABLE RATES:**

**Periodic BGSS Subrider (Effective May 1, 2025):**

| <u>Rate Schedule</u>     | <u>BGSS Rate Before<br/>Taxes (per therm)</u> | <u>BGSS Rate With<br/>Taxes (per therm)</u> |
|--------------------------|-----------------------------------------------|---------------------------------------------|
| RSG                      | \$0.372009                                    | \$0.396655                                  |
| GSG (under 5,000 therms) | \$0.372009                                    | \$0.396655                                  |

**Monthly BGSS Subrider (Effective November 1, 2025):**

| <u>Rate Schedule</u>          | <u>BGSS Rate Before<br/>Taxes (per therm)</u> | <u>BGSS Rate With<br/>Taxes (per therm)</u> |
|-------------------------------|-----------------------------------------------|---------------------------------------------|
| LVS C-2                       | \$0.482183                                    | \$0.514128                                  |
| FES                           | \$0.319057                                    | \$0.340195                                  |
| EGS                           | \$0.531349                                    | \$0.566551                                  |
| EGS-LV Firm C-2               | \$0.481940                                    | \$0.513869                                  |
| EGS-LV Limited Firm C-2       | \$0.506766                                    | \$0.540339                                  |
| GSG-LV                        | \$0.531349                                    | \$0.566551                                  |
| GSG (5,000 therms or greater) | \$0.531349                                    | \$0.566551                                  |
| NGV                           | \$0.531349                                    | \$0.566551                                  |

The above Periodic and Monthly BGSS rates shall include the BGSS cost savings established in Rider "M" to this Tariff.

**FILING:**

This Subrider shall be applicable to all customers served under Rate Schedules RSG, and those GSG customers who do not meet the "Monthly Threshold". This Periodic BGSS Subrider shall recover gas costs associated with service to customers served under this Subrider.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 66**

**RIDER "A"**  
**BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")**  
**(Continued)**

**PERIODIC BGSS SUBRIDER**

The Company shall make an annual Periodic BGSS rate filing by no later than June 1<sup>st</sup> of each year, proposing a Periodic BGSS rate to be effective on or about the following October 1<sup>st</sup>. The Company shall have the discretion to file for two self-implementing rate increases, effective December 1<sup>st</sup> and February 1<sup>st</sup>, to its Periodic BGSS rate approved in the same BGSS Year. The purpose of each Periodic BGSS filing, shall be to recover gas costs pursuant to this Rider "A" and to achieve a zero or near-zero deferred balance by the following September 30.

Each self-implementing rate increase will be subject to a cap which will limit the increase so that the benchmark residential bill, using 100 therms, will not increase by more than five percent (5%). The self-implementing rate increases shall be pre-conditioned upon written notice by the Company to the BPU Staff and to the Division of Rate Counsel, given no later than November 1 and January 1, of the intention to implement a self-implementing rate increase on or about December 1 and February 1, respectively. The Company shall provide in its written notice the approximate amount of the self-implementing rate increase, based upon then current market data.

The Company shall have the discretion to implement a bill credit or a refund at any time during the BGSS Year with five (5) days notice to the BPU Staff and the Division of Rate Counsel. The Company shall have the discretion to file a self-implementing rate reduction without a cap at any time during the BGSS Year with five (5) days notice to the BPU Staff and the Division of Rate Counsel.

The notice of filing and of public hearing in the annual BGSS proceedings shall include the specific rate change proposed to be implemented on October 1<sup>st</sup> and a paragraph indicating that such proposed rates may be subject to self-implementing rate increases on or about the next December 1<sup>st</sup> and February 1<sup>st</sup>, subject to the 5% maximum caps for each of the two self-implementing increases. The notice shall also include the impact of such potential increases on a benchmark 100 therm residential bill.

The annual Periodic BGSS filing shall contain, but not be limited to, the following:

- (1) A reconciliation of actual versus estimated costs and revenues from the last Board approved rate change for commodity costs, storage costs, and interstate transportation costs, including the costs and results of any supplies set by hedges;
- (2) Projected rates supported by projected volumes, revenues, and commodity costs, transportation costs, storage costs and transaction costs, including the cost of supplies set by hedges;
- (3) Deferred balances and the timeframe over which they are proposed to be collected or returned;
- (4) A written explanation of the circumstances that caused the deferred balances in (3) above; and
- (5) A written explanation of any significant activities or trends which may affect costs for the prospective period.
- (6) Updated tariff sheets to reflect any change to the Periodic BGSS rate.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 67**

**RIDER "A"**  
**BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")**  
**(Continued)**

**PERIODIC FORMULA:**

The formula for determining the annual and self-implementing Periodic BGSS rates shall be the sum of the following:

(1) A Commodity Cost which will be the sum of the weighted average prices including applicable transaction costs of the following categories of gas. Weighted average prices will be calculated based upon projected monthly volumes.

(a) an estimate of the cost of flowing gas, which will be equal to the arithmetic average of

(i) the NYMEX Henry Hub monthly prices as recorded on the close of trading for the forward contract month, estimated for the remaining BGSS Year; and

(ii) the weighted average of the estimated Index Prices, for the respective locations at which the Company purchases its gas, to be published in Inside FERC's Gas Market Report for the remaining BGSS Year; and

(b) any supplies whose price was previously set by hedges or other financial instruments; and

(c) supplies of gas withdrawn from storage.

(2) An estimate of the variable costs of transportation and fuel and line loss shall be made for the remaining BGSS Year, to the extent not included in (1), above.

(3) The Company shall estimate the total Firm Sales to be made during the remaining BGSS Year to customers served under this Subrider. The costs developed in Paragraphs (1) and (2) above shall be divided by such Firm Sales, in order to determine the per therm commodity cost recovery rate.

(4) A Non-Commodity Cost component that includes gas costs other than the Commodity Cost of Gas, including but not limited to all fixed pipeline costs, fixed supplier costs, fixed storage costs, pipeline refunds and similar credits, and other credits directed by the Board. The Non-Commodity Cost component shall be calculated on an equal per-therm basis for the BGSS Year.

(5) A deferred balance that will be returned to or recovered from customers over some future period.

**MONTHLY BGSS SUBRIDER**

**FILING:**

This Subrider shall be applicable to all customers served under Rate Schedules LVS, FES, EGS, EGS-LV GSG-LV, NGV and those customers served under Rate Schedule GSG who meet the Monthly Threshold. This Monthly BGSS Subrider shall recover gas costs associated with service to customers served under this Subrider.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 68**

**RIDER "A"**  
**BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")**  
**(Continued)**

The Company will file self-implementing Monthly BGSS rates on the second day following the close of trading of the NYMEX Henry Hub gas contracts for each month. Within each monthly filing, the Company will provide the following:

- (1) Documentation regarding the NYMEX Henry Hub close;
- (2) Supporting schedules that document the actual/projected costs and sales volumes used to derive the monthly gas cost factor; and

**MONTHLY FORMULA:**

The formula for determining the Monthly BGSS rate shall be the sum of the following:

- (1) The Company will calculate a Commodity Cost which will be comprised of the sum of arithmetic average of
  - (i) the closing price of the NYMEX Henry Hub gas contract for the following month and
  - (ii) the weighted average of the estimated Index Prices, for the respective locations at which the Company purchases its gas, to be published in Inside FERC's Gas Market Report for the remaining BGSS Year. Further, the calculation will not include hedging.
- (2) An estimate shall be made of the variable costs of transportation and fuel and line loss for the subject month, to the extent not included in (1), above
- (3) A Non-Commodity Cost component that includes gas costs other than the Commodity Cost of Gas, including but not limited to all fixed pipeline costs, fixed supplier costs, fixed storage costs, pipeline refunds and similar credits, and other credits directed by the Board. The Non-Commodity Cost component shall be calculated on an equal per-term basis for the entire BGSS Year. This subparagraph (3) is not applicable to FES customers.

The result of the calculation from the Monthly Formula above shall be adjusted for Rate Schedules LVS and EGS-LV (Firm and Limited Firm) to derive the Monthly BGSS Rates by deducting therefrom the volumetric equivalent of the D-2 charges within the respective Rates Schedules. Said deductions shall be as follows:

| D-2 Deduction        |                        |
|----------------------|------------------------|
| <u>Rate Schedule</u> | <u>Including Taxes</u> |
| LVS                  | \$.052423              |
| EGS-LV Firm          | \$.052682              |
| EGS-LV Limited Firm  | \$.026212              |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 69**

**RIDER "A"**  
**BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")**  
**(Continued)**

**SPECIAL PROVISIONS:**

- (1) The self-implementing Periodic BGSS and Monthly BGSS rate filings will be self-implementing compliance filings. The implementation of the rates will not require any further Order of the Board.
- (2) Each self-implementing BGSS rate change will be posted on the Company's website within four (4) working days of its submission to the Board. Each other BGSS rate change will be posted on the Company's website within four (4) working days of receipt of a written order from the Board, approving such rate change.
- (3) Updated tariff sheets to reflect any change to the Monthly BGSS rate.
- (4) Interest shall be passed on to customers through the Periodic BGSS rate at the beginning of each BGSS Year succeeding any BGSS Year in which any monthly gas cost overrecovery has taken place. Any debit or credit balance in the separate deferred revenue or cost of gas accounts shall be determined monthly. Monthly interest shall be calculated on the average of the current and prior months' ending cumulative deferred revenue or cost of gas balances. Interest on such gas costs shall be calculated utilizing the Company's Board-allowed overall rate of return as the same shall be in effect from time to time.
- (5) "Left blank intentionally."
- (6) Gas costs and related recoveries from the Monthly BGSS will flow to the deferred balance in the Periodic BGSS mechanism.
- (7) As used in this Tariff, BGSS Year shall mean a twelve (12) month period commencing October 1 and ending September 30.
- (8) "Left blank intentionally."
- (9) As used in this Rider "A" the term "Monthly Threshold" shall mean an annualized usage of 5,000 therms or more. A customer has the right to request a review for reclassification from monthly back to Periodic BGSS pricing. The Company shall review, once each year, Rate Schedule GSG customers' usage and anytime at the request of an individual customer, for the most recent calendar year to determine which customer(s) meet the Monthly Threshold. If appropriate, the customer will be returned to Periodic BGSS billing.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 70**

**RIDER "B"**  
**INFRASTRUCTURE INVESTMENT PROGRAM ("IIP")**

Applicable to all customers in classes RSG, GSG, GSG-LV, CTS, LVS, EGS, EGS-LV, NGV, YLS, SLS and Firm Special Contract customers receiving service through the Company's distribution system. Allocations to each rate class will be based upon their level of distribution revenues from the rate design in the Company's most recently approved base rate case. The IIP rate shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU.

**Incremental Rate Charges per Service Class:**

|                        |                                            | Per Therm  |
|------------------------|--------------------------------------------|------------|
| RSG                    | Residential                                | \$0.022918 |
| GSG                    | General Service                            | \$0.018266 |
| GSG-LV                 | General Service - Large Volume             | \$0.010297 |
| CTS                    | Comprehensive Firm Transportation Service  | \$0.006370 |
| LVS                    | Large Volume Service                       | \$0.003319 |
| EGS                    | Electric Generation Service                | \$0.004455 |
| EGS-LV                 | Electric Generation Service - Large Volume | \$0.000567 |
| NGV                    | Natural Gas Vehicle Service                | \$0.007931 |
| YLS                    | Yard Lighting Service – per installation   | \$0.238448 |
| SLS                    | Street Lighting Service – per installation | \$0.257041 |
| Firm Special Contracts |                                            | \$0.000000 |

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

The IIP is a (5)-year program to modernize and enhance the reliability and safety of the Company's gas distribution system by replacing its vintage, at-risk facilities which include aging coated steel and vintage plastic mains and related services, as well as the installation of excess flow valves on new service lines. The costs recovered through the IIP Rider rate are based upon the Company's after-tax weighted average cost of capital, depreciation expense, deferred income tax credits and other adjustments as determined by the Board, grossed up by the Company's revenue expansion factor and applicable taxes.

Cost recovery under the IIP is contingent on an earnings test. If the product of the earnings test calculation exceeds the Company's most recently approved ROE by fifty (50) basis points or more, cost recovery under the IIP shall not be allowed. Any disallowance resulting from the earnings test will not be charged to customers in a subsequent IIP filing period, but the Company may seek such recovery in a subsequent base rate case.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 70a**

**RIDER "B"**  
**INFRASTRUCTURE INVESTMENT PROGRAM ("IIP")**  
**(Continued)**

The Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the annual period by the Company's average jurisdictional common equity balance for such annual period. The average jurisdictional common equity balance will be derived by multiplying the average of the Company's beginning and ending net rate base for the annual period by the Board-approved equity ratio in the Company's most recent rate case. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income the Company's share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) On-System Capacity Release; (4) Off-System Sales and Capacity Release; (5) the Storage Incentive Mechanism; and (6) the Energy Efficiency Tracker.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 71**

**RIDER "C"**  
**TRANSPORTATION INITIATION CLAUSE (TIC)**

**APPLICABLE TO:**

|                   |   |                     |
|-------------------|---|---------------------|
| Rate Schedule RSG | - | Residential Service |
| Rate Schedule GSG | - | General Service     |

This Rider "C" shall be known as the Transportation Initiation Clause (TIC) and will be charged to all RSG and GSG customers.

**PURPOSE OF RIDER "C":**

The purpose of the TIC is to enable the Company to recover both capital expenditures and operating costs associated with Electronic Data Interchange (EDI), including consulting costs and transaction costs.

**ANNUAL TIC FILING:**

On or about July 31 of each year, to be effective the next succeeding November 1, the Company shall file with the Board a proposed TIC rate. The TIC filing will be based upon the costs and expenditures incurred during the previous August 1 through July 31. The costs proposed for recovery will be subject to review for reasonableness, and to assure that they are costs associated with EDI, and not costs which would have been spent for computer upgrades, irrespective of the implementation of EDI.

TIC costs shall be calculated by utilizing the total capital expenditures and operating costs associated with the EDI process, including consulting and transaction costs, net of the TIC over or underrecovery balance, applying monthly carrying costs to the resulting amount using the interest rate applicable to the Company's SBC underrecoveries and overrecoveries. The resulting TIC costs shall be divided by the annual forecasted volumes for the rate classes set forth above. The resulting rate shall be adjusted for all applicable taxes and assessments.

The TIC shall be collected on a per therm basis and shall remain in effect until changed by order of the Board. The TIC charge will be:

\$0.000999 per therm

The TIC will be recovered through the Distribution Charge of each of the rate schedules referred to above, and will subject to deferred accounting.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 72**

**RIDER "D"**  
**CUSTOMER OWNED GAS CLAUSE (COGC)**

**APPLICABLE TO:**

|                      |   |                                            |
|----------------------|---|--------------------------------------------|
| Rate Schedule EGS-LV | - | Electric Generation Service - Large Volume |
| Rate Schedule FES    | - | Firm Electric Service                      |

This Rider "D" shall be known as the Customer Owned Gas Clause (COGC) and may be offered by the Company, in the Company's sole reasonable discretion to all EGS-LV and FES customers, who hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system. Pursuant to this Rider "D" the Company shall deliver gas made available at the Company's City Gate Station to a designated point of delivery. The character of service under this Rider "D" is Firm Transportation Service.

- (1) Customers receiving gas under this Rider "D" shall not pay the C-2 portion of the Volumetric Rate but shall pay all other rates, charges and fees of the applicable Rate Schedule.
- (2) The receipt of gas by the Company for transportation under this Rider "D" shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (3) Any gas delivered by the Company under this Rider "D" shall be deemed gas purchased by a customer under the applicable rate schedule. The terms and conditions of said rate schedule shall be applicable thereto.
- (4) The Company will not accept gas for delivery that will: (1) adversely impact the Company's rights to current or future supply or transportation allocations; or (2) impose any financial or burdensome administrative obligation on the Company that would not have existed without acceptance of such delivery by the Company.
- (5) The customer bears sole responsibility for costs incurred to deliver customer owned gas to the Company's city gate station.
- (6) Customer shall be required to reimburse the Company for any out-of-pocket expenses incurred in connection with the initiation and rendering of service under this Rider D. If the Company has accepted gas for delivery under this Rate Schedule and as a result thereof it incurs any financial or burdensome administrative obligation, the Company may impose a surcharge therefor.
- (7) Company retains sole discretion as to whether or not a particular customer or particular customers shall receive service pursuant to this Rider D.
- (8) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 73**

**RIDER "D"**  
**CUSTOMER OWNED GAS CLAUSE (COGC)**  
(Continued)

- (9) The existence of imbalances will be determined each day. If at the beginning of a day a customer has an imbalance, the gas to fulfill that customer's daily Contract Demand for that day will be the first gas through the meter on that day.
- (10) The Company may waive any charges associated with imbalances, in its sole reasonable discretion, if the customer demonstrates good cause for such imbalances, if the customer presents a plan for eliminating such imbalances, and such plan will not adversely impact service to other customers. The Company may require that such plan be implemented in full, and completed, within a time period specified by the Company in order for such a waiver to take place.
- (11) A customer may supply its own interstate pipeline capacity, upon authorization by the Company. The Company may grant such authorization in its sole, reasonable discretion. Should an FES or EGS-LV customer supply its own interstate pipeline capacity, gas delivered to the Company's City Gate Station within that capacity may result in a credit against the D-2 charge. The D-2 charge shall be reduced by a credit which is equal to the amount which the customer pays to the interstate pipeline for such capacity. Provided, however, that no credit shall take place in the event that the interstate pipeline capacity supplied by the customer, has been acquired from sources other than the Company. For FES or EGS-LV customers the credit will be calculated as a demand charge per Mcf. The credits provided for by this Paragraph (11) will not affect any other applicable charges referred to in Paragraphs (1) and (2) of this Rider "D".
- (12) A customer scheduling gas for delivery may not schedule less than one dekatherm of gas for delivery under this Rider "D" on any day. All scheduling must be done in whole number dekatherms and not in fractions thereof.

**BALANCING SERVICE CLAUSE:**

All customer owned gas delivered pursuant to this Rider "D" is also subject to Rider "I" of this Tariff.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 74**

**RIDER "E"**  
**SOCIETAL BENEFITS CLAUSE (SBC)**

**APPLICABLE TO:**

Rate Schedule RSG - Residential  
Rate Schedule GSG - General Service  
Rate Schedule GSG-LV - General Service – Large Volume  
Rate Schedule CTS - Comprehensive Transportation Service  
Rate Schedule LVS - Large Volume Service  
Rate Schedule FES - Firm Electric Service  
Rate Schedule EGS - Electric Generation Service  
Rate Schedule EGS-LV - Electric Generation Service - Large Volume  
Rate Schedule IGS - Interruptible Gas Service  
Rate Schedule ITS - Interruptible Transportation Service  
Rate Schedule NGV - Natural Gas Vehicle

This Rider "E" shall be known as the Societal Benefits Clause (SBC). The SBC is established pursuant to the provisions of Section 12 of the "Electric Discount and Energy Competition Act", P.L. 1999, c.23. The SBC shall recover: (1) the costs of the Company's Clean Energy Program; and (2) the costs which the Company incurs in connection with manufactured gas plant remediation; and (3) the cost incurred for the statewide Universal Service Fund ("USF") Permanent and Lifeline Credits and Tenants Assistance Program established by Board Order dated July 16, 2003 in docket No. EX000200091; and (4) other costs determined by the Board to be recoverable through the SBC.

With the exception of the Universal Service Fund, interest on SBC underrecoveries and overrecoveries will be calculated at an interest rate ("Interest Rate") which will be adjusted each August 31, and will be based upon seven year constant maturity treasuries as shown in the Federal Reserve Statistical Release on or closest to August 31 of each year, plus sixty (60) basis points. In addition, the Company recovers Manufactured Gas Plant ("MGP") Environmental Remediation Costs through Rider "G" of this Tariff. These Remediation Costs are recovered over periods of seven years, and the Company shall recover interest on resulting unamortized balances at the Interest Rate. The Universal Service Fund section of this Rider "E" contains the calculation of the USF interest rate.

A petition to establish the Societal Benefits Clause will be filed with the Board on or about July 31, of each year.

**REMEDATION ADJUSTMENT CLAUSE AND CLEAN ENERGY PROGRAM CLAUSE:**

The Remediation Adjustment Clause ("RAC") shall be calculated in accordance with the provisions of Rider "G" of this Tariff and the Clean Energy Program ("CLEP") Clause shall be calculated in accordance with the provisions of Rider "K" of this Tariff. The charges developed pursuant to Riders "G" and "K" shall be recovered through, and as part of, the SBC. All gas consumed or transported under Rate Schedules RSG, GSG, GSG-LV, EGS, EGS-LV, CTS, LVS, FES, IGS, ITS and NGV shall recover the RAC, in accordance with this Rider "E". All gas consumed or transported under Rate Schedules RSG, GSG, GSG-LV, CTS, LVS, FES, EGS, EGS-LV, ITS and NGV shall recover the CLEP, in accordance with this Rider "E".

**OTHER RECOVERABLE EXPENSES:**

Other expenses as the Board shall determine to be appropriate for recovery pursuant to the SBC shall be recovered through, and as part of the SBC. All gas consumed or transported under Rate Schedules RSG, GSG, GSG-LV, EGS, CTS and ITS shall recover expenses as the Board shall determine to be appropriate for recovery pursuant to the SBC.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

## SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 75

**RIDER "E"**  
**SOCIETAL BENEFITS CLAUSE (SBC)**  
**(Continued)**

**UNIVERSAL SERVICE FUND:**

Pursuant to the "Electric Discount and Energy Competition Act", N.J.S.A. 48:3-49, the Board established the Permanent Universal Service Fund ("USF") and the Lifeline Credit and Tenants Assistance Program ("Lifeline") both of which will be collected from Rate Schedules RSG, GSG, GSG-LV, EGS, EGS-LV, CTS, LVS, FES, IGS, ITS and NGV. The USF and Lifeline factors established in this Rider "E" were set forth by the Board.

Pursuant to Section 12b of the "Electric Discount and Energy Competition Act", N.J.S.A. 48:3-60b, the Board established an Interim Universal Service Fund. All gas consumed under Rate Schedules RSG, GSG, GSG-LV, EGS, EGS-LV, CTS, LVS and FES shall recover the Company's contributions toward the Universal Service Fund (over a twelve month period on a forecasted basis in accordance with this Rider "E").

Pursuant to Section 12b of the "Electric Discount and Energy Competition Act", N.J.S.A. 48:3-60.1, electric generators that use natural gas and/or natural gas delivery service to generate electricity that is sold for resale are to be exempt from paying the societal benefit charge on the throughput used to generate electricity that is sold for resale. In order to determine the percentage of the throughput exempt from the SBC, a customer must provide a form of Annual Certification which will provide the percentage of the customer's throughput that will be exempt from the SBC. South Jersey Gas will forward the forms to the customer in December to be updated for each subsequent calendar year's actual experience. If the customer does not return the completed forms by January 15, then the SBC will be assessed on all of the customer's usage. If the customer returns the forms on or before January 15, then adjustments to the customer's bills will be made on a prospective basis beginning in February of the subsequent year. That is, commencing in February, the customer's SBC charge will be adjusted based on the percentage of the customer's throughput from the prior calendar year used to generate electricity that was sold for resale.

The interest rate on USF under and over recoveries shall be the interest rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which the rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as authorized by the Board.

Rates subject to this Rider have been adjusted to recover the following Societal Benefit Charges:

| <u>Rate Schedule and Appropriate Rate</u> |              | <u>RAC</u> | USF<br>(Including<br><u>CLEP</u> <u>Lifeline</u> ) |         | <u>SBC</u> |
|-------------------------------------------|--------------|------------|----------------------------------------------------|---------|------------|
| Rate Schedule RSG                         | Distribution | .065214    | .041795                                            | .026200 | .133209    |
| Rate Schedule GSG                         | Distribution | .065214    | .041795                                            | .026200 | .133209    |
| Rate Schedule GSG-LV                      | Delivery     | .065214    | .041795                                            | .026200 | .133209    |
| Rate Schedule EGS                         | Delivery     | .065214    | .041795                                            | .026200 | .133209    |

**Issued** \_\_\_\_\_  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after** \_\_\_\_\_

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated** \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 76**

**RIDER "E"**  
**SOCIETAL BENEFITS CLAUSE (SBC)**  
**(Continued)**

| <u>Rate Schedule and Appropriate Rate</u> |              | <u>RAC</u> | <u>CLEP</u> | USF<br>(Including<br><u>Lifeline</u> ) | <u>SBC</u> |
|-------------------------------------------|--------------|------------|-------------|----------------------------------------|------------|
| Rate Schedule EGS-LV                      | C-1          | .065214    | .041795     | .026200 <sup>(1)</sup>                 | .133209    |
| Rate Schedule CTS                         | C-1FT        | .065214    | .041795     | .026200                                | .133209    |
| Rate Schedule LVS                         | C-1/C-1FT    | .065214    | .041795     | .026200                                | .133209    |
| Rate Schedule FES                         | C-1FT        | .065214    | .041795     | .026200                                | .133209    |
| Rate Schedule IGS                         | Monthly Rate | .065214    | N/A         | .026200                                | .091414    |
| Rate Schedule ITS                         | Monthly Rate | .065214    | .041795     | .026200                                | .133209    |
| Rate Schedule NGV                         | Delivery     | .065214    | .041795     | .026200                                | .133209    |

<sup>(8)</sup> This element of the Societal Benefits Charge will not be applicable to those customers with special existing contracts limiting their rate exposure, until the expiration of those contracts, in accordance with the Orders of the Board of Public Utilities in Docket No. EX00020091.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 77**

**RIDER "F"**  
**TEMPERATURE ADJUSTMENT CLAUSE (TAC)**

**APPLICABLE TO:**

Rate Schedule RSG - Residential Service  
Rate Schedule GSG - General Service  
Rate Schedule GSG-LV - General Service – Large Volume

- (a) This Rider "F" shall be known as the Temperature Adjustment Clause (TAC). It shall be utilized to adjust the Company's revenues in cases wherein temperatures experienced during a Base Year yield more or less degree days than were experienced on a twenty-year normal basis, plus or minus one-half (1/2%) percent of the sum of the Cumulative Normal Degree Days, for the twenty-year period utilized in the Company's then most recent base rate case. This adjustment will be effectuated through a credit or surcharge applied to customers' bills during the year succeeding the Base Year, which succeeding year shall be known as the Adjustment Year. The credit or surcharge will also be adjusted to reflect Base Year under recoveries or over recoveries pursuant to this TAC.
- (b) Each Base Year, and each Adjustment Year shall begin on October 1 and end on May 31 and shall include only the months of October, November, December, January, February, March, April and May.
- (c) The Company will determine on a monthly basis, Degree Days, Cumulative Degree Days, Normal Degree Days, Cumulative Normal Degree Days, Deadband Degree Days and Cumulative Deadband Degree Days for each month during the Base Year. Cumulative Deadband Degree Days will be added to or subtracted from Cumulative Normal Degree Days to yield an Upper Level or Lower Level Degree Day Threshold. If the experienced cumulative Degree Days at the end of a Base Year month is higher than the Upper Level of the Degree Day Threshold, or lower than the Lower Level, a Degree Day Adjustment will be made. The factors for use in this TAC are based on the 20-year average calculated in Docket No. \_\_\_\_\_, and are based upon information obtained from the National Oceanic and Atmospheric Administration ("NOAA"), and will be adjusted in future base rate proceedings. Should a NOAA station utilized by the Company be abandoned, become inoperable, or otherwise become unusable, the Company may substitute data from a nearby NOAA station. When this becomes necessary, the Company will promptly notify the Staff of the Board and the Division of the Ratepayer Advocate. The factors for the TAC are as follows:

|       | <u>Normal<br/>Degree Days</u> | <u>Cumulative<br/>Normal Degree<br/>Days</u> | <u>Deadband<br/>Degree Days</u> | <u>Cumulative<br/>Deadband<br/>Degree Days</u> |
|-------|-------------------------------|----------------------------------------------|---------------------------------|------------------------------------------------|
| Oct.  | 211                           | 211                                          | 1                               | 1                                              |
| Nov.  | 517                           | 728                                          | 3                               | 4                                              |
| Dec.  | 776                           | 1,504                                        | 4                               | 8                                              |
| Jan.  | 934                           | 2,438                                        | 4                               | 12                                             |
| Feb.  | 795                           | 3,233                                        | 4                               | 16                                             |
| Mar.  | 632                           | 3,865                                        | 3                               | 19                                             |
| Apr.  | 329                           | 4,194                                        | 2                               | 21                                             |
| May   | <u>111</u>                    | 4,305                                        | <u>1</u>                        | 22                                             |
| TOTAL | 4,305                         |                                              | 22                              |                                                |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 78**

**RIDER "F"**  
**TEMPERATURE ADJUSTMENT CLAUSE (TAC)**  
(Continued)

Degree Day Threshold

|      | <u>Upper Level</u> | <u>Lower Level</u> |
|------|--------------------|--------------------|
| Oct. | 212                | 210                |
| Nov. | 732                | 724                |
| Dec. | 1,512              | 1,496              |
| Jan. | 2,450              | 2,426              |
| Feb. | 3,249              | 3,217              |
| Mar. | 3,884              | 3,846              |
| Apr. | 4,215              | 4,173              |
| May  | 4,327              | 4,283              |

- (d) The Degree Day Adjustment will be multiplied by a Degree Day Consumption Factor to derive the Therm Adjustment. The Degree Day Consumption Factor will be determined by first determining a factor for actual heat sensitive use per degree day per customer, for Rate Schedule RSG, and Rate Schedules GSG and GSG-LV heating load based upon actual usage on a cumulative basis through the end of each Base Year.
- (e) The Therm Adjustment will be multiplied by the margin in the respective rate classes resulting in the adjustment to revenue. The margin is then calculated by adjusting out gas costs and associated revenue taxes. This calculation will take place only after Base Year months when the cumulative number of degree days at the end of the Base Year month is higher than the Upper Level of the Degree Day Threshold, or lower than the Lower Level.
- (f) On or before August 31 of each Base Year, the Company will file in a petition with the Board, a proposed adjustment factor ("TAC Factor") to be effective in the Adjustment Year following the then current Base Year. The proposed factor shall be the same for each rate schedule and shall be derived based upon the outstanding adjustment after May of each Base Year as developed in Paragraph (e), divided by the projected sales and transportation volumes for both rate schedules. The TAC Factor will be expressed as a rate per unit of sale. The TAC Factor will be effectuated through a credit or surcharge applied to customers' bills during the Adjustment Year. The credit or surcharge will also be adjusted to reflect over or under recoveries from the previous TAC year. The TAC Factor will be effective with the commencement of the Adjustment Year. At the end of the Adjustment Year, the TAC factor will terminate and the Company will file tariff pages with the Board reflecting this termination. It is subject to an earnings review analysis set forth in the Stipulation accepted by the Board in Docket No. GR91071243J.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 79**

**RIDER "F"**  
**TEMPERATURE ADJUSTMENT CLAUSE (TAC)**  
(Continued)

The TAC Factor shall apply to all gas sold and transported under Rate Schedules RSG, GSG and GSG-LV.

The charge will be applied to the Rate Schedule RSG and GSG Distribution Charges and GSG-LV Delivery Charges as follows:

|                                        | <u><b>Per Therm</b></u> |
|----------------------------------------|-------------------------|
| TAC Factor per therm                   | \$0.0000                |
| Applicable NJ Sales Tax Factor         | <u>1.066250</u>         |
| TAC Factor Per Therm with NJ Sales Tax | <u>\$0.0000</u>         |

(g)

The Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the annual period by the Company's average jurisdictional common equity balance for such annual period. The average jurisdictional common equity balance will be derived by multiplying the average of the Company's beginning and ending net rate base for the annual period by the Board-approved equity ratio in the Company's most recent rate case. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income the Company's share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) On-System Capacity Release; (4) Off-System Sales and Capacity Release; (5) the Storage Incentive Mechanism; and (6) the Energy Efficiency Tracker.

(h) As used in this Rider "F", the following terms shall have the meanings ascribed to them herein:

- (i) **"DEGREE DAYS"** is the difference between 65F and the daily mean temperature, on days when the daily mean temperature is below 65F. The daily mean temperature is the simple average of the 24 hourly temperature observations for a day taken at each of the National Oceanic and Atmospheric Administration Measuring points used by the Company. The sum of these differences for every day of the month is total degree days for that month.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 80**

**RIDER "F"**  
**TEMPERATURE ADJUSTMENT CLAUSE (TAC)**  
(Continued)

- (ii) **"CUMULATIVE DEGREE DAYS"** is the accumulation of total degree days for each month in the Base Year.
- (iii) **"NORMAL DEGREE DAYS"** is the level of calendar month degree days to which test year sales volumes were normalized in the base rate proceeding that established the current base rates for the service classifications to which this clause applies.
- (iv) **"CUMULATIVE NORMAL DEGREE DAYS"** is the accumulation of normal degree days for each month in the Base Year.
- (v) **"DEADBAND DEGREE DAYS"** shall be one-half (1/2%) percent of the Normal Degree Days.
- (vi) **"CUMULATIVE DEADBAND DEGREE DAYS"** shall be one-half (1/2%) percent of the Cumulative Normal Degree Days.

Note: Sections (a) through (e) shall be utilized only to calculate the value of the weather-related changes in customer usage. The deadband degree days shall not be included in the calculation. For all other purposes, sections (a) through (e), and section (g), shall be suspended as of October 1, 2006. Section (f) above shall be suspended upon completion of recovery of the TAC Margin Excess and Deficiency for the 2004-2005 and 2005-2006 Base Years, respectively. Such suspensions shall remain in effect for the duration of the Conservation Incentive Program Mechanism, Rider "M".

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 81**

**RIDER "G"**  
**REMEDIATION ADJUSTMENT CLAUSE (RAC)**

**APPLICABLE TO:**

Rider "E" - Societal Benefits Clause

Ninety days prior to November 1 of each year, the Company shall file with the Board of Public Utilities a Remediation Adjustment Clause (RAC) factor based on remediation costs and third party expenses/claims in the preceding Remediation Year. The RAC factor shall be recovered through, and as part of, the Societal Benefits Clause, Rider "E" to this Tariff.

The RAC Factor will be determined as follows:

**I. Definition of Terms Used Herein**

1. "Remediation Costs" are defined as all investigations, testing, land acquisition if appropriate, remediation and/or litigation costs/expenses or other liabilities excluding personal injury claims and specifically relating to gas manufacturing facility sites, disposal sites, or sites to which material may have migrated, as a result of the operation or decommissioning of gas manufacturing facilities.

2. "Recovery Year" is defined as each November 1 to October 31 period on a going forward basis, and is the time period over which annual amortizations shall be recovered from customers pursuant to this Rider "G".

3. "Remediation Year" is defined as each August 1 to July 31 period on a going forward basis, and is the time period over which the Remediation Costs are incurred.

4. "Third Party Claims" are all claims brought by the Company against any entity, including insurance companies, from which recoveries of costs may be received and will be charged through the RAC Factor as follows:

- a) Fifty percent (50%) of the reasonable transaction costs and expenses in pursuing Third Party Claims shall be included as Remediation Costs and shall be recovered as part of the Remediation Adjustment Clause. The remaining 50% shall be deferred without carrying costs until such time as the specific claim is resolved.
- b) In the event that the Company is successful in obtaining a recovery from a Third Party Claim, the Company shall be permitted to retain the deferred 50% share of the reasonable transaction costs and expenses from the recovery associated with that Third Party Claim. The balance of the recovery, if any, shall be applied against the current year's Remediation Costs to be recovered from or credited to ratepayers through the next amortization calculation.

5. "Before Tax Cost Rate" (BTCR) shall be equal to the Before Tax Cost of Capital rate allowed in the Company's most recent base rate case

6. "Deferred Tax Benefit" (DTB) shall be returned to ratepayers during each Recovery Year in an amount equal to those given by the formula:

**Issued \_\_\_\_\_**  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated \_\_\_\_\_**

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 82

**RIDER "G"**  
**REMEDATION ADJUSTMENT CLAUSE (RAC)**  
(Continued)

$$DTB_{n,YR} = ARC_n * [(7-X)/7] * TR * IR_{YR}$$

Where:

DTB = The amount of the Deferred Tax Benefit in Recovery Year YR that is to be subtracted from one seventh the amount of the Remediation Costs incurred in Remediation Year n and which is to be recovered in Recovery Year YR.

ARC<sub>n</sub> = The amount of the Actual Remediation Costs incurred in remediation year n.

X = The number of years that the Actual Remediation Costs incurred in remediation year n have been subject to amortization (X = 1, 2, 3... 6).

TRYR = The effective combined Federal and State income tax rate.

IR = The seven year constant maturity treasuries rate as shown in the Federal Reserve Statistical Release, plus sixty (60) basis points.

7. Sale of Property

- a) Generally - Should the Company sell a former manufactured gas plant site, any proceeds of such sale, exclusive of all reasonable expenses associated with such sale and taxes directly related to the sale, but not delinquent real estate taxes, up to the total costs incurred in remediating the specific site, shall be applied against the current year's Remediation Costs to be recovered from or credited to ratepayers. In the event that any proceeds are available above the total Remediation Costs of the site, the balance of the proceeds shall then be shared equally between the Company and the ratepayers.
- b) Atlantic Avenue - In the event that the Company sells its property at Atlantic Avenue (and Michigan Avenue), the Company and its ratepayers shall each be entitled to a fifty percent (50%) share of the net proceeds of sale. As to the Atlantic Avenue, net proceeds shall equal gross proceeds less the sum of (1) net book cost as of the closing of sale; (2) costs of sale including professional fees, real estate commissions, taxes and title insurance; and (3) Remediation Costs previously paid by ratepayers relative to Atlantic Avenue.

The gross proceeds of sale shall be first applied to net book cost of the property, then to costs of sale. The Environmental Response costs shall be shared as provided in a), Generally, above. Any excess over Remediation Costs recovered at Atlantic Avenue shall then be shared equally between the Company and its ratepayers as provided in a), Generally, above. Any Remediation Costs incurred after a sale of Atlantic Avenue Property shall be treated as Remediation Costs.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 83**

**RIDER "G"**  
**REMEDATION ADJUSTMENT CLAUSE (RAC)**  
(Continued)

- c) If the Company intends to sell a former manufactured gas plant site, it shall notify and provide the Board with details of any proposed sale at least sixty (60) days prior to any such sale.

**II. Determination of the Remediation Adjustment**

At least ninety (90) days prior to the commencement of each Recovery Year, the Company shall, among other material, file with the Board and serve upon Rate Counsel, and such other Parties as shall request the same, all bills and receipts relating to as well as a schedule depicting the particular purpose for the expenditure of the amount of any Remediation Costs incurred in the preceding Remediation Year for which it seeks to begin recovery in the upcoming Recovery Year, for each remediation site and a calculation of the proposed Remediation Adjustment Clause level. In that same filing, the Company shall include similar material and information to support any costs/expenses and/or recoveries resulting from Third Party Claims or sales of remediated gas manufacturing sites. The Company shall also submit in its annual filing a projection of Remediation Costs for the following Remediation Year. In addition, the Company will include a listing and status of applicable insurance policies for each site.

The RAC factor shall be calculated by taking one seventh of the Actual Remediation Costs plus applicable Third Party Claims and Sale of Property allocations incurred each year, until fully amortized, less the Deferred Tax Benefit plus the prior years' RAC remediation adjustment. This amount is then divided by the Company's total volume of prospective sales for the upcoming recovery year.

All gas consumed under Rate Schedules RSG, GSG, GSG-LV, CTS, LVS, FES, EGS, EGS-LV, IGS, ITS and NGV shall recover Remediation Costs. The charge brought forward to Rider "E" for these Rate Schedules is as follows:

|                                 | <u>RSG, GSG, GSG-LV,</u><br><u>EGS, EGS-LV, LVS, FES</u><br><u>CTS, IGS, ITS and NGV</u> |
|---------------------------------|------------------------------------------------------------------------------------------|
| Average Cost per therm          | \$.061162                                                                                |
| Applicable NJ Sales Tax Factor  | <u>1.066250</u>                                                                          |
| RAC Per Therm with NJ Sales Tax | <u>.065214</u><br><u>=====</u>                                                           |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 84**

**RIDER "G"**  
**REMEDIATION ADJUSTMENT CLAUSE (RAC)**  
(Continued)

The total annual charge to the Company's ratepayers for Remediation Costs during any Recovery Year shall not exceed five (5) percent of the Company's total revenues from firm gas sales and firm transportation during the preceding Remediation Year. In the event that the total annual charge to the Company's ratepayers for Remediation Costs during any Recovery Year exceeds 5% of the Company's total revenues from firm gas sales and firm transportation during the preceding Remediation Year, the Parties agree that, upon the request of any Party, the Board may reopen consideration of the instant mechanism. If no reopening occurs, and in the event that this limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular Recovery Year, beginning with the date upon which the annual charge would have been effective, carrying costs shall accrue to the Company upon the amount by which the total annual charge to its ratepayers is less than that otherwise allowable.

Carrying costs shall accrue through the Recovery Year in which such amount, together with any accumulated carrying costs, is actually recovered by the Company from its ratepayers and shall accrue at the Before Tax Cost Rate allowed in the Company's most recent base rate case.

**III. Tracking the Operation of the Remediation Adjustment Clause**

The revenues billed, net of taxes and assessments through the application of the Remediation Adjustment factor shall be accumulated for each month and be applied against the total amortized Remediation Costs calculated for that year. The Remediation Adjustment Clause shall be reconciled annually, with the amount of any projected over- or under-collection to be debited or credited to the total annual Remediation Adjustment Clause level for the following Recovery Year. The over- or under-collection will be based on 10 months actual data and 2 months projected data for the Recovery Year.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 85**

**RIDER "H"**

**RESERVED FOR FUTURE USE**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 86**

**RIDER "I"**  
**BALANCING SERVICE CLAUSE - LARGE VOLUME (BSC-LV)**

**APPLICABLE TO:**

|                      |   |                                            |
|----------------------|---|--------------------------------------------|
| Rate Schedule GSG-LV | - | General Service-Large Volume               |
| Rate Schedule LVS    | - | Large Volume Service                       |
| Rate Schedule FES    | - | Firm Electric Service                      |
| Rate Schedule EGS    | - | Electric Generation Service                |
| Rate Schedule EGS-LV | - | Electric Generation Service – Large Volume |
| Rate Schedule ITS    | - | Interruptible Transportation Service       |
| Rate Schedule CTS    | - | Comprehensive Transportation Service       |
| Rate Schedule NGV    | - | Natural Gas Vehicle                        |

This Rider "I" shall be known as the Balancing Service Clause - Large Volume (BSC-LV) and will be applicable to all EGS-LV and FES customers who utilize Rider "D" to this Tariff, and to all LVS and EGS-LV Firm Transportation Service, and ITS customers. This Rider "I" will also be applicable to all Rate Schedule GSG-LV Firm Transportation Service and NGV Firm Transportation customers who have installed electronic meter reading equipment, pursuant to the provisions of Section 6.1 of the General Terms and Conditions of this Tariff and who elect to take their balancing service under this Rider "I", rather than under Rider "J". The Volumetric Charge, under the monthly Rate Section shall be the only element in this Rider applicable to Firm Sales Service customers subscribing to Rate Schedules LVS and EGS-LV.

**MONTHLY RATE:**

**Volumetric Charge:**

BS-1: \$0.002427 per therm for all gas delivered under Rate Schedules LVS, EGS-LV, FES, NGV and CTS who "opt-out" as provided for in the Standard Gas Service Agreements (LV), (FES) and (EGS).

BS-1: \$0.068583 per therm for all gas delivered under Rate Schedules GSG-LV, EGS, and under Rate Schedules LVS, EGS-LV, FES, NGV and CTS who do not "opt-out", including Firm Sales Service customers

**Cash-Out Charges and Credits:**

To be determined monthly in accordance with the methodology set forth in Paragraphs (12), (13) and (14) of this Rider "I".

**DEFINITIONS:**

- (1) "Gas Consumption" means the volume of gas utilized by the customer, as measured at the customer's meter. Gas Consumption will be displayed on the Third Party Marketer Portal (the "Portal"). However, the responsibility for balancing shall remain with the customer even if the Portal is inoperative.
- (2) On any day during which gas receipts for a customer's account exceed Gas Consumption, after adjustment to reflect line loss and sales authorized by the Company for this customer, a daily "Excess Imbalance" results. Provided, however, that as to those ITS customers, who had an annualized average use of 27 Mcf per day or less of gas, Daily Excess Imbalances shall be computed on a monthly basis.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 87**

**RIDER "I"**  
**BALANCING SERVICE CLAUSE - LARGE VOLUME (BSC-LV)**  
(Continued)

- (3) On any day during which Gas Consumption exceeds gas receipts for a customer's account, after adjustment to reflect line loss and sales authorized by the Company, a daily "Deficiency Imbalance" results. Provided, however, that as to those ITS customers, who had an annualized average use of 27 Mcf per day or less of gas, Daily Deficiency Imbalances shall be computed on a monthly basis.
- (4) Daily Deficiency Imbalances and Daily Excess Imbalances may be collectively referred to as "Daily Imbalances".
- (5) "Net Monthly Imbalance" means the net of a customers Daily Imbalances, if any, during a month. If monthly Gas Consumption exceeds monthly gas receipts for a customer's account, a Monthly Deficiency Imbalance results and if monthly gas receipts exceed monthly Gas Consumption, a Monthly Excess Imbalance results.

**BALANCING:**

- (6) Customers shall use their best efforts to ensure that the daily volumes of gas scheduled for delivery into the Company's system for the customer's account, adjusted to reflect line loss and sales authorized by the Company, equal the volumes of daily Gas Consumption by the customer.
- (7) Customers shall be responsible for maintaining a balance between volumes of daily deliveries into the Company's system and daily Gas Consumption, adjusted to reflect line loss and sales authorized by the Company. Customers may maintain a balance through a combination of deliveries for their account and sales authorized by the Company.
- (8) Certain levels of Daily Imbalances will be subject to a corrective plan, as provided in Paragraph 9 of this Rider "I". Daily Imbalances of this level will be referred to as "Imbalances Requiring Action" or "IRA". An Excess Imbalance will become an IRA during the winter season if daily receipts exceed daily Gas Consumption by five (5%) percent, and during the summer season if daily receipts exceed daily Gas Consumption by seven and one half (7.5%) percent. A Deficiency Imbalance will become an IRA during the winter season if daily Gas Consumption exceeds daily receipts by five (5%) percent, and during the summer season if daily Gas Consumption exceeds daily receipts by seven and one half (7.5%) percent. The winter season, as used herein, is from November 1 through March 31. The summer season is from April 1 to October 31.

Generally, the existence of an IRA will be determined for each customer, on an individual customer basis. However, for those customers who execute an Aggregation Agreement, acceptable to the Company, IRAs will be determined in the aggregate for all members of the Aggregation Group.

- (9) If a customer has an IRA as demonstrated on the Portal, the customer must present a plan within forty-eight (48) hours of such demonstration to eliminate the IRA. Such plan must not, inter alia, adversely impact service to other customers, affect system integrity, or affect the Company's gas supply planning. If the plan presented by the customer is unacceptable to the Company, the Company will present an alternative plan. If the customer fails to present, within 48 hours after such demonstration, a plan to eliminate

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 88**

**RIDER "I"**  
**BALANCING SERVICE CLAUSE - LARGE VOLUME - (BSC-LV)**  
(Continued)

such IRA or fails to comply with a plan accepted by or offered by the Company, the customer shall be subject either to (a) billing for volumes of Gas Consumption in excess of receipts at a rate equal to five (5) times the Net Monthly Deficiency Imbalance Cash-Out Charge within this Rider "I", assuming a System Impact Charge of one (1.0); or (b) a buyout of the excess of receipts over volumes of Gas Consumption at a rate equal to one-fifth (1/5) of the Net Monthly Excess Imbalance Cash-Out Credit within this Rider "I", assuming a System Impact Charge of one (1.0).

- (10) Notwithstanding any other provision of this Rider "I", if the Company determines in its sole reasonable discretion that it is necessary to do so to alleviate operating conditions which may threaten the integrity of its system, the Company may issue an Operational Flow Order ("OFO") to some or all customers subject to this Rider "I". The Company shall provide customers and their Aggregator/Marketers with notice of an OFO by posting the same on the Portal, and by facsimile transmission. In addition, the Company may provide notice by telephone or otherwise of said OFO. Such notice shall be effective within twenty-four hours of posting unless exigent circumstances require shorter notice, which shorter notice shall be specified in the posting. The OFO may direct, inter alia, the cessation of the creation of Deficiency Imbalances or of Excess Imbalances and that customers make a good faith effort to eliminate existing Deficiency Imbalances or Excess Imbalances. For purposes of this paragraph (10) of this Rider "I" if a customer is a member of a Customer Group pursuant to an Aggregator/Marketer's Agreement, Deficiency Imbalances and Excess Imbalances for that customer and for all members of the Customer Group shall be aggregated. Failure to comply with an OFO Imbalance shall result in the creation of an OFO Deficiency Imbalance or of an OFO Excess Imbalance. The customer may be invoiced for any OFO Deficiency Imbalance or any OFO Excess Imbalance at a rate of \$50.00 per Mcf for each day that said OFO Deficiency Imbalance or OFO Excess Imbalance remains in effect. In addition, after the Company has taken the steps set forth in this paragraph (10), any customer failing to adhere to an OFO shall be subject to immediate termination of all gas service.
- (11) Any customer receiving service subject to this Rider "I" must maintain computer capability necessary to access the Portal directly or through an Aggregator and/or Marketer pursuant to an Aggregator's/Marketer's Agreement acceptable to the Company. Provided, however, that ITS customers with an annualized average use of 27 Mcf per day or less are exempted from the provisions of this Paragraph (11) of this Rider "I".

**CASH-OUT CHARGES AND CREDITS:**

- (12) A customer or an Aggregator/Marketer authorized to act on a customer's behalf may exchange an imbalance with another customer or Aggregator/Marketer authorized to act on a customer's behalf. In the exchange, a Monthly Deficiency Imbalance may be exchanged for a Monthly Excess Imbalance of equal quantity. The Company will notify the Aggregators/Marketers and customers not represented by an Aggregator/Marketer each month of all outstanding imbalances and shall allow five (5) days to complete exchanges and notify the Company of all exchanges upon a prescribed form

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 89**

**RIDER " I "**  
**BALANCING SERVICE CLAUSE - LARGE VOLUME (BSC-LV)**  
(Continued)

- (13) Each month, the Company shall "cash out" Net Monthly Deficiency Imbalances as follows:
- (a) Customers with a Net Monthly Deficiency Imbalance shall be charged on their bills, for service provided during such month, an amount equal to the product of (i) the Net Monthly Imbalance quantity times (ii) one hundred ten percent (110%) of the simple average of daily postings of Transcontinental Gas Pipe Line Corporation's (Transco's) Zone 6 Daily Midpoint reported each day during the month in which the Deficiency Imbalance occurred, in the Daily Price Survey in the Gas Daily; times (iii) a System Impact Charge ("SIC").
  - (b) In the case of Monthly Deficiency Imbalance, if:
    - (i) Monthly Gas Consumption exceeds monthly receipts by seven and one-half (7.5%) percent of Gas Consumption or less, the SIC will be one (1);
    - (ii) Monthly Gas Consumption exceeds monthly receipts by more than seven and one-half (7.5%) percent but less than fifteen (15%) percent, the SIC will be one and three tenths (1.3);
    - (iii) Monthly Gas Consumption exceeds monthly receipts by fifteen (15%) percent or more, the SIC will be two (2).
  - (c) All cash out charges under this Paragraph (12) shall be adjusted by multiplying them by 1.07 to reflect New Jersey Sales and Use Tax.
- (14) Each month, the Company shall "cash out" Net Monthly Excess Imbalances as follows:
- (a) Customers with a Net Monthly Excess Imbalance shall receive on their bills, for service provided during such month, a credit equal to the product of (i) the Net Monthly Imbalance quantity times (ii) ninety percent (90%) of the simple average of daily postings of Transco's Zone 6 Daily Midpoint reported each day during the month in which the Excess Imbalance occurred, in the Daily Price Survey in the Gas Daily; less (iii) a capacity charge factor of \$.0050 per therm; times (iv) a System Impact Charge ("SIC").
  - (b) In the case of a Monthly Excess Imbalance, if:
    - (i) Monthly receipts exceed monthly Gas Consumption by seven and one-half (7.5%) percent of Gas Consumption or less, the SIC will be one (1);
    - (ii) Monthly receipts exceed monthly Gas Consumption by more than seven and one-half (7.5%) percent but less than fifteen (15%) percent, the SIC will be two-thirds (2/3);
    - (iii) Monthly receipts exceed monthly Gas Consumption by fifteen (15%) percent or more, the SIC will be one-half (1/2).

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 90**

**RIDER "I"**  
**BALANCING SERVICE CLAUSE - LARGE VOLUME - (BSC-LV)**  
(Continued)

- (15) For purposes of the cash out provisions of this Rider "I", generally, determinations will be made for each customer on an individual customer basis. However, for those customers who execute an Aggregator/Marketer Agreement, acceptable to the Company, "cash out" calculations will be determined in the aggregate for all members of the Aggregate Group.

**OTHER PROVISIONS:**

- (16) All charges under this Rider "I" of this Tariff, as well as charges under Rate Schedules EGS-LV, FES, LVS, ITS, NGV or GSG-LV (if the customer has elected to have transportation charges invoiced by the Aggregator/Marketer), as well as the Aggregator/Marketer's Fee will be invoiced to the Aggregator/Marketer, in accordance with the Aggregator/Marketer's Agreement. Otherwise, charges will be billed to the customer. Payment of all invoices to the Aggregator/Marketer or to the customer 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 nonbusiness day, the due date shall be extended to the next business day. Should the Aggregator/ Marketer 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.
- (17) All charges under Rate Schedules GSG-LV, NGV, EGS-LV, FES, LVS or ITS will be invoiced to the individual customers, who shall be solely responsible for these charges, as well as these Rider "I" charges when a customer has no Aggregator/Marketer.
- (18) In the event that, during any month the sum of the month-to-date Deficiency Imbalances or Excess Imbalances, for non-Force Majeure reasons, for an Aggregator/Marketer exceeds three (3) times the ACD, the Company will immediately notify the Aggregator /Marketer via telephone, e-mail, facsimile or similar means. If Deficiency Imbalances or Excess Imbalances reach five (5) times the ACD, the following will occur: (1) the Aggregator /Marketer is no longer eligible to function as an Aggregate/Marketer on the Company's system until the conditions set forth in this paragraph (18) are satisfied, but not before the first (1st) day of the following month; and (2) for the balance of the current month and for future months, the affected Aggregator /Marketer's customers will be supplied natural gas by the Company and will be billed on a prorated basis according to the following schedule:

| <u>Rate Schedule</u> | <u>Billing Charge</u>                      |
|----------------------|--------------------------------------------|
| GSG-LV               | Monthly BGSS Rate                          |
| LVS                  | Monthly BGSS Rate                          |
| FES                  | Firm Market Volumetric Charge              |
| EGS                  | Monthly BGSS Rate                          |
| EGS-LV               | Monthly BGSS Rate                          |
| ITS                  | Monthly Rate pursuant to Rate Schedule IGS |
| CTS                  | Monthly BGSS Rate                          |
| NGV                  | Monthly BGSS Rate                          |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 91**

**RIDER "I"**  
**BALANCING SERVICE CLAUSE - LARGE VOLUME - (BSC-LV)**  
(Continued)

Such customers will be charged on a prorated basis upon the appropriate Rate Schedule, including all Special Provisions of the appropriate Rate Schedule for gas delivered, including gas deliveries resulting in imbalances, prior to the implementation of the revised billing rate.

In order to be reinstated as an eligible Aggregator/Marketer, following termination of Aggregator/Marketer status for Deficiency Imbalances or Excess Imbalances as set forth above, the Aggregator/Marketer in addition to meeting all other applicable requirements must post and maintain for one (1) year security in a credit facility satisfactory to the Company in an amount equal to two (2) times that which would otherwise be required by the Company. At the conclusion of that year and assuming no additional occurrence of Deficiency Imbalances or Excess Imbalances as described above, the Aggregator/Marketer will be released from its obligation to provide security in excess of that otherwise required by the Company. If an additional Deficiency Imbalance or Excess Imbalance as described above occurs during that one-year period, the Aggregator/Marketer will be disqualified as an Aggregator/Marketer upon the Company's system for an additional one (1) year period.

As used in this Paragraph (18), ACD shall mean the aggregate of all Contract Demands, expressed in dekatherms, of all customers served by an Aggregator /Marketer under an applicable Rate Schedule. For a customer who does not have a Contract Demand, the Company shall supply a quantity to be used in lieu thereof.

- (19) The BS-1 Charge within Volumetric Charge portion of this Rider "I" shall not be applicable to customers receiving deliveries of gas pursuant to Rate Schedule FES and who utilize Rider "D" to this Tariff.
- (20) Any charges imposed pursuant to the above Paragraphs of this Rider "I" shall be in addition to other charges imposed pursuant to this Rider "I".

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 92**

**RIDER "J"**  
**BALANCING SERVICE CLAUSE - GENERAL SERVICE (BSC-GS)**

**APPLICABLE TO:**

|                      |   |                                    |
|----------------------|---|------------------------------------|
| Rate Schedule RSG    | - | Residential Service Gas            |
| Rate Schedule GSG    | - | General Service Gas                |
| Rate Schedule GSG-LV | - | General Service Gas – Large Volume |
| Rate Schedule EGS    | - | Electric Generation Service        |
| Rate Schedule NGV    | - | Natural Gas Vehicle                |

This Rider "J" shall be known as the Balancing Service Clause - General Service (BSC-GS) and will be applicable to all RSG Firm Transportation Service customers and GSG Firm Transportation Service customers. This Rider "J" will also be applicable to GSG-LV, NGV and EGS Firm Transportation customers who elect to take balancing service under this Rider "J". Provided, however, that pursuant to the terms of Rider "I" certain GSG-LV, NGV and EGS Firm Transportation Service customers may elect to take balancing service pursuant to Rider "I". The Volumetric Charge, under the Monthly Rate Section, shall be the only element in this Rider applicable to Firm Sales Service customers subscribing to Rate Schedules RSG, GSG, GSG-LV, NGV and EGS.

**MONTHLY RATE:**

Volumetric Charge:

BS-1: \$.068583 per therm for all gas delivered under the applicable rate schedules in addition to the following:

**DCQ AND BUY-OUT CHARGE:**

- (1) "Daily Contract Quantity" (DCQ) for all customers except for Rate Schedule RSG Firm Transportation Service customers shall mean a quantity of gas determined annually by the company. The DCQ shall be determined for each of the forthcoming twelve (12) months by dividing the customer's weather-normalized usage for each of the most recent twelve (12) months by the total number of days in each month. The Company may adjust the customer's DCQ during any twelve (12) month period, due to changes in the customer's gas equipment or pattern of usage or other acceptable information provided by the customer. For New Customers, the customer's initial DCQ will be estimated by the Company, based upon the rating of the customer's gas equipment and expected utilization of the equipment. Customer will be obligated to deliver or cause to be delivered to the Company's city gate station the customer's DCQ each day for the customer's account.

The DCQ for Rate Schedule RSG Firm Transportation Service customers shall mean a quantity of gas determined by the Company. The DCQ shall be determined separately for Rate Schedule RSG Firm Transportation Service customers who are heating customers, and for those who are non-heating customers ("Heating Group" and "Non-Heating Group"). The DCQ for both the Heating Group and the Non-Heating Group shall be determined on a Company system-wide, weather normalized basis. The Company will determine the DCQ for each customer in the Heating Group, which will be the same for all members of the Heating Group, and for each customer in the Non-Heating Group, which will be the same for all members of the Non-Heating Group, each month. The Aggregator/Marketer will be obligated to deliver or cause to be delivered to the Company's City Gate Station, each day, the DCQ for each customer within that Aggregator/Marketer's Aggregated Group.

A review of service provided to Rate Schedule RSG Firm Transportation Service customers shall be performed after twelve (12) months service, and every twelve (12) months thereafter. Upon such review, in the

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 93**

**RIDER "J"**  
**BALANCING SERVICE CLAUSE - GENERAL SERVICE (BSC-GS)**  
(Continued)

event that a customer's account has a negative balance, the Aggregator/Marketer shall have thirty (30) days to pay back such negative balance. Prior to making such pay-back, the Aggregator/Marketer must get approval to do so from the Company, which may, at its sole reasonable discretion, extend the pay-back period. If a negative balance remains after thirty (30) days, the Aggregator/Marketer will be charged the Rate Schedule RSG Firm Sales Service customer rates multiplied by each therm of negative balance. If the customer's account has a positive balance, the Company will purchase such gas at the Buy-Out Price provided for in this Rider "J".

- (a) At the end of each Winter Season, and at the end of each Summer Season, the Company will calculate the difference between the customer's actual usage and actual deliveries, and will adjust the DCQ beginning with the second month succeeding the end of each Winter Season and each Summer Season by said difference divided by the total number of days remaining in the Winter Season or the Summer Season. Provided that such an adjustment will not decrease any month's adjusted DCQ to a level less than zero. Any such adjustments that result in a particular month's DCQ being less than zero will be carried to a future month.
  - (b) Upon termination of transportation service under the applicable rate schedules the Company shall review the status of customer's account. In the event that customer's account has a negative balance, the customer shall have thirty days to pay back such negative balance. If any negative balance remains after thirty days, the customer will be charged the Rate Schedule GSG Firm Sales Service rates multiplied by each therm of negative balance. If customer's account has a positive balance, the Company will purchase such gas at the Buy-Out Price.
- (2) As used in this Rider "J" "Buy-Out Price", shall mean a price equal to the lowest price of gas delivered to the Company's system during the month the positive balance or an Excess Imbalance occurs.

**BALANCING:**

- (3) On any day during which gas receipts for a customer's account exceed DCQ, after adjustment to reflect line loss and sales authorized by the Company for the customer, a daily "Excess Imbalance" results.
- (4) On any day during which DCQ exceeds gas receipts for a customer's account, after adjustment to reflect line loss and sales authorized by the Company for the customer, a daily "Deficiency Imbalance" results.
- (5) Customers shall use their best efforts to ensure that the daily volumes of gas scheduled for delivery into the Company's system for the customer's account, adjusted to reflect line loss and sales authorized by the Company, are equal to the customers' DCQ.
- (6) Each customer shall be responsible for maintaining a balance between volumes of daily deliveries into the Company's system adjusted to reflect line loss and sales authorized by the Company for the customer and the customer's DCQ. Each customer may maintain a balance through a combination of deliveries for its account and sales authorized by the Company.
- (7) If, on any day, an Excess Imbalance exists for the account of a customer, the excess may be bought by the Company at one third of the Buy Out Price. Moreover, an Excess Imbalance may not be utilized to discharge a

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 94**

**RIDER "J"**  
**BALANCING SERVICE CLAUSE - GENERAL SERVICE (BSC-GS)**  
(Continued)

Deficiency Imbalance or in any other way be utilized by the customer to discharge transportation obligations.

- (8) If, on any day, a Deficiency Imbalance up to and including five percent (5%) exists for the account of a customer, the customer may be billed for such Deficiency Imbalance at a rate equal to five (5) times the applicable sales rate under Rate Schedules RSG Firm Sales Service, GSG Firm Sales Service, GSG-LV Firm Sales Service, NGV Firm Sales Service or EGS Firm Sales Service. If, on any day, a Deficiency Imbalance of greater than five percent (5%) exists for a customer's account, the customer may be billed a charge equal to ten (10) times the applicable sales rate under Rate Schedules RSG Firm Sales Service, GSG Firm Sales Service, GSG-LV Firm Sales Service, NGV Firm Sales Service or EGS Firm Sales Service.
- (9) Notwithstanding any other provision of this Rider "J", if the Company determines in its sole reasonable discretion that it is necessary to do so to alleviate operating conditions which may threaten the integrity of its system, the Company may issue an Operational Flow Order ("OFO") to some or all customers subject to this Rider "J". The Company shall provide customers and their Aggregator/Marketers with notice of an OFO by posting the same on the Portal, and by facsimile transmission. Alternatively, the Company may provide notice by telephone or otherwise of said OFO. Such notice shall be effective within twenty-four hours of posting unless exigent circumstances require shorter notice, which shorter notice shall be specified in the posting. The OFO may direct, inter alia, the cessation of the creation of Deficiency Imbalances or of Excess Imbalances and that customers make a good faith effort to eliminate existing Deficiency Imbalances or Excess Imbalances. For purposes of this paragraph (9) of this Rider "J" if a customer is a member of a Customer Group pursuant to an Aggregator/Marketer's Agreement, Deficiency Imbalances and Excess Imbalances for that customer and for all members of the Customer Group shall be aggregated. Failure to comply with an OFO shall result in the creation of an OFO Deficiency Imbalance or of an OFO Excess Imbalance. The customer may be invoiced for any OFO Deficiency Imbalance or for any OFO Excess Imbalance at a rate of \$50.00 per Mcf of such OFO Deficiency Imbalance or OFO Excess Imbalance for each day that said OFO Deficiency Imbalance or OFO Excess Imbalance remains in effect. In addition, after the Company has taken the steps set forth in this paragraph (9), any customer failing to adhere to an OFO shall be subject to immediate termination of all gas service.
- (10) Any customer receiving service subject to this Rider "J" must maintain computer capability necessary to access the Portal directly or through an Aggregator and/or Marketer pursuant to an Aggregator's/Marketer's Agreement acceptable to the Company.

**OTHER PROVISIONS:**

- (11) Under no circumstances shall the Company be obligated to deliver more than the customer's DCQ for the customer's account. Provided, however, that nothing in this paragraph (11) of this Rider "J" shall affect the customer's ability to consume gas in excess of the DCQ. Moreover, if the DCQ shall prove insufficient or excessive in any respect for the customer's needs, the Company shall not assume any responsibility or liability of any kind for such excess or insufficiency.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 95**

**RIDER “J”  
BALANCING SERVICE CLAUSE - GENERAL SERVICE (BSC-GS)  
(Continued)**

- (12) All charges under this Rider “J” of this Tariff, as well as charges under Rate Schedules RSG Firm Transportation Service, GSG Firm Transportation Service, GSG-LV Firm Transportation Services, NGV Firm Transportation Service or EGS Firm Transportation Service as well as the Aggregator/Marketer's Fee will be invoiced to the Aggregator/Marketer, in accordance with the Aggregator's/Marketer's Agreement. Otherwise, charges will be billed to the customer. Payment of all invoices to the Aggregator/Marketer or to the customer 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 nonbusiness day, the due date shall be extended to the next business day. Should the Aggregator/Marketer 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.
- (13) When a customer has no Aggregator/Marketer, all charges under Rate Schedule GSG Firm Transportation Service will be invoiced to the individual customers, who shall be solely responsible for these charges, as well as these Rider "J" charges.
- (14) In the event that, during any month the sum of the month-to-date Deficiency Imbalances or Excess Imbalances, for non-Force Majeure reasons, for an Aggregator/Marketer exceeds three (3) times the ADCQ, the Company will immediately notify the Aggregator /Marketer via the telephone, facsimile or similar means. If Deficiency Imbalances or Excess Imbalances reach five (5) times the ADCQ, the following will occur: (1) the Aggregator/Marketer is no longer eligible to function as an Aggregator/Marketer on the Company's system until the conditions set forth in this paragraph (14) are satisfied, but not before the first (1st) day of the following month; and (2) for the balance of the current month and for future months, the affected Aggregator/Marketer's customers will be supplied natural gas by the Company and will be billed on a prorated basis according to the following schedule:

| <u>Rate Schedule</u>               | <u>Billing Charges</u> |
|------------------------------------|------------------------|
| RSG Firm Transportation Service    | GSG Monthly BGSS Rate  |
| GSG Firm Transportation Service    | GSG Monthly BGSS Rate  |
| GSG-LV Firm Transportation Service | GSG Monthly BGSS Rate  |
| EGS Firm Transportation Service    | GSG Monthly BGSS Rate  |
| NVG Firm Transportation Service    | GSG Monthly BGSS Rate  |

Such customers will be charged on a prorated basis upon the appropriate Rate Schedule, including all Special Provisions of the appropriate Rate Schedule for gas delivered, including gas deliveries resulting in imbalances, prior to the implementation of the revised billing rate.

In order to be reinstated as an eligible Aggregator/Marketer, following termination of Aggregator/Marketer status for Deficiency Imbalances or Excess Imbalances as set forth above, the Aggregator/Marketer in addition to meeting all other applicable requirements must post and maintain for one (1) year security in a credit facility satisfactory to the Company in an amount equal to two (2) times that which would otherwise be required by the Company. At the conclusion of that year and assuming no additional occurrence of Deficiency Imbalances or Excess Imbalances as described above, the Aggregator/Marketer will be released from its obligation to provide

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 96**

**RIDER “J”**  
**BALANCING SERVICE CLAUSE - GENERAL SERVICE (BSC-GS)**  
(Continued)

security in excess of that otherwise required by the Company. If an additional Deficiency Imbalance or Excess Imbalance as described above occurs during that one-year period, the Aggregator/Marketer will be disqualified as an Aggregator/Marketer upon the Company's system for an additional one (1) year period. As used in this Paragraph (14), ADCQ shall mean the aggregate of all Daily Contract Quantities, expressed in dekatherms, of all customers served by an Aggregator/Marketer under the applicable Rate Schedule.

- (15) If an Aggregator/Marketer account is out of balance by more than 25% of the total amount transported in the prior month, the Aggregator/Marketer may be required to modify its deliveries for the following month. In addition, the Company reserves the right to require additional volumes to be delivered for the following month for any volumes owed to the Company.
- (16) Any charges imposed pursuant to the above Paragraphs (1) through (14) of this Rider “J” shall be in addition to other charges imposed pursuant to this Rider “J”.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 97**

**RIDER "K"**  
**CLEAN ENERGY PROGRAM CLAUSE (CLEP)**

**APPLICABLE TO:**

Rider "E" - Societal Benefits Clause

In its annual Societal Benefits Clause Petition, the Company will include data necessary to compute its CLEP factor for the upcoming CLEP Year. The Company's CLEP Plan Year will be the 12 month period ended October 31 of each year.

The CLEP factor set forth in this Rider "K" is calculated annually based upon the projected CLEP costs and an amount that accounts for revenue erosion divided by the projected therm sales. Any difference between the preceding year's costs and recoveries will be added to or deducted from the succeeding year's computation.

The charge brought forward to Rider "E" is as follows:

**RSG, GSG, GSG-LV,  
CTS Firm, EGS, EGS-LV,  
FES, LVS, ITS and NGV**

|                                  |                                   |
|----------------------------------|-----------------------------------|
| Average Cost per Therm           | \$ .039198                        |
| Applicable NJ Sales Tax Factor   | <u>1.066250</u>                   |
| CLEP per Therm with NJ Sales Tax | <u>\$ .041795</u><br><u>=====</u> |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 98**

**RIDER "K"**  
**CLEAN ENERGY PROGRAM CLAUSE (CLEP)**  
(Continued)

The formula for calculating the CLEP rate is as follows:

$$\frac{CB + RE + [+RB]}{AS}$$

where:

CB = Approved CLEP costs.

RE = Cumulative annual revenue erosion from the date of effectiveness of the plan until the time that new base rates take effect. Annual erosion is determined by multiplying the projected measured annual decrease in firm sales attributable to implementation of the CLEP by the net margin revenue associated with that decrease in each affected service classification.

RB = Prior year recovery balance.

AS = Projected annual sales for all firm customers except YLS/SLS.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

---

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 99**

**RIDER "L"**  
**SUT CLAUSE ("SUTC")**

**APPLICABLE TO:**

This Rider "L" is applicable to all Rate Schedules.

In accordance with P.L. 1997, c. 162 (the "Energy Tax Reform Act"), provision for the New Jersey Sales and Use Tax ("SUT") has been included in all rates within the Rate Schedules of this tariff by multiplying the charges that would have applied before application of SUT by the factor 1.066250.

**ENERGY TAX REFORM ACT EXEMPTIONS:**

- A. The Energy Tax Reform Act exempts the following customers from the SUT provision, and when billed to such customers, the charges otherwise applicable under this tariff shall be reduced by the provision for the SUT included therein:
1. Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.
  2. Cogenerators in operation, or which have filed an application for an operating permit or a construction permit and a certificate of operation in order to comply with air quality standards under P.L. 1954, c. 212 (C.26:2C-1 et seq.) with the New Jersey Department of Environmental Protection, on or before March 10, 1997.
  3. Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.
  4. Agencies or instrumentalities of the federal government.
  5. International organizations of which the United States of America is a member.

**BUSINESS RETENTION AND RELOCATION ASSISTANCE ACT EXEMPTIONS:**

- B. The Business Retention and Relocation Assistance Act (P.L. 2004, c. 65) and subsequent amendment (P.L. 2005, c. 374) exempts the following customers from the SUT provision, and when billed to such customers, the charges otherwise applicable shall be reduced by the provision for the SUT included therein:
1. A qualified business that employs at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process, for the exclusive use or consumption of such business within an enterprise zone, and
  2. A group of two or more persons: (a) each of which is a qualified business that are all located within a single redevelopment area adopted pursuant to the "Local Redevelopment and Housing Law," P.L. 1992, c. 79 (C.40A:12A-1 et seq.); (b) that collectively employ at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process; (c) are each engaged in a vertically

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 100**

**RIDER "L"**  
**SUT CLAUSE ("SUTC")**  
**(Continued)**

integrated business, evidenced by the manufacture and distribution of a product or family of products that, when taken together, are primarily used, packaged and sold as a single product; and (d) collectively use the energy and utility service for the exclusive use or consumption of each of the persons that comprise a group within an enterprise zone.

3. A business facility located within a county that is designated for the 50% tax exemption under section 1 of P.L. 1993, c.373 (C.54:32B-8.45) provided that the business certifies that it employs at least 50 people at that facility, at least 50% of whom are directly employed in a manufacturing process, and provided that the energy and utility services are consumed exclusively at that facility.

A business that meets the requirements in B.1, B.2 or B.3 above shall not be provided the exemption described in this section until it has complied with such requirements for obtaining the exemption as may be provided pursuant to P.L. 1983, c.303 (C.52:27H-60 et seq.) and P.L.1966, c.30 (C.54:32B-1 et seq.) and the Company has received a sales tax exemption letter issued by the New Jersey Department of Treasury, Division of Taxation.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 101**

**RIDER "M"**  
**CONSERVATION INCENTIVE PROGRAM ("CIP")**

**APPLICABLE TO:**

Rate Schedule RSG - Residential Service  
Rate Schedule GSG - General Service  
Rate Schedule GSG-LV - General Service – Large Volume

- (a) This Rider "M" shall be known as the Conservation Incentive Program ("CIP"). It shall be utilized to adjust the Company's revenues in cases wherein Actual Usage per Customer experienced during an Annual Period varies from the Baseline Usage per Customer ("BUC"). This adjustment will be effectuated through a credit or surcharge applied to customers' bills during the Adjustment Period. The credit or surcharge will also be adjusted to reflect prior year under recoveries or over recoveries pursuant to this CIP.
- (b) The BUC in therms for each Customer Class Group by month is as follows:

|                     | <b>Group I:<br/>RSG<br/><u>Non-Heating</u></b> | <b>Group II:<br/>RSG<br/><u>Heating</u></b> | <b>Group III:<br/><u>GSG</u></b> | <b>Group IV:<br/><u>GSG-LV</u></b> |
|---------------------|------------------------------------------------|---------------------------------------------|----------------------------------|------------------------------------|
| <b><u>Month</u></b> |                                                |                                             |                                  |                                    |
| Oct.                | 16.0                                           | 27.0                                        | 198.3                            | 8,050.0                            |
| Nov.                | 23.0                                           | 73.0                                        | 357.0                            | 15,975.8                           |
| Dec.                | 36.0                                           | 116.0                                       | 547.5                            | 20,694.3                           |
| Jan.                | 41.0                                           | 144.0                                       | 688.8                            | 28,417.7                           |
| Feb.                | 36.0                                           | 126.0                                       | 593.7                            | 22,338.4                           |
| Mar.                | 24.0                                           | 96.0                                        | 501.8                            | 20,388.0                           |
| Apr.                | 13.0                                           | 46.0                                        | 271.8                            | 13,227.0                           |
| May                 | 11.0                                           | 22.0                                        | 176.4                            | 7,197.7                            |
| Jun.                | 8.0                                            | 13.0                                        | 122.3                            | 4,998.1                            |
| Jul.                | 10.0                                           | 14.0                                        | 124.6                            | 4,984.5                            |
| Aug.                | 11.0                                           | 14.0                                        | 141.3                            | 4,972.2                            |
| Sep.                | <u>11.0</u>                                    | <u>14.0</u>                                 | <u>131.5</u>                     | <u>4,960.0</u>                     |
| Total               | 240.0                                          | 705.0                                       | 3,855.0                          | 156,203.7                          |
| Annual              |                                                |                                             |                                  |                                    |

The BUC shall be reset each time new base rates are placed into effect as the result of a base rate case proceeding.

- (c) At the end of the Annual Period, a calculation shall be made that determines for each Customer Class Group the deficiency ("Deficiency") or excess ("Excess") to be surcharged or credited to customers pursuant to the CIP

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

## SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 102

**RIDER "M"**  
**CONSERVATION INCENTIVE PROGRAM**  
(Continued)

mechanism. The Deficiency or Excess shall be calculated each month by multiplying the result obtained from subtracting the Baseline Usage per Customer from the Actual Usage per Customer by the actual number of customers, and then multiplying the resulting therms by the Margin Revenue Factor.

- (d) Recovery of any Deficiency in accordance with Paragraph (c), above, associated with non-weather related changes in customer usage will be limited to the level of BGSS savings achieved as provided for in the 2014 Order of the Board of Public Utilities in Docket No. GR13030185. The value of the weather-related changes in customer usage shall be calculated in accordance with Rider F to this tariff.
- (e) Except as limited by Paragraph (d), above, the amount to be surcharged or credited to the Customer Class Group shall equal the aggregate Deficiency or Excess for all months during the Annual Period determined in accordance with the provisions herein, divided by the FAU for the Customer Class Group.
- (f) The currently effective CIP Factor by Customer Class Group are as follows:

|                                         | <b>Group I:<br/>RSG<br/><u>Non-Heating</u></b> | <b>Group II:<br/>RSG<br/><u>Heating</u></b> | <b>Group III:<br/><u>GSG</u></b> | <b>Group IV:<br/><u>GSG-LV</u></b> |
|-----------------------------------------|------------------------------------------------|---------------------------------------------|----------------------------------|------------------------------------|
| CIP Factors Per Therm                   | \$0.015703                                     | \$0.120386                                  | \$0.072096                       | \$0.045270                         |
| Applicable NJ Sales Tax Factor          | <u>1.066250</u>                                | <u>1.066250</u>                             | <u>1.066250</u>                  | <u>1.066250</u>                    |
| CIP Factors Per Therm with NJ Sales Tax | <b><u>\$0.016743</u></b>                       | <b><u>\$0.128362</u></b>                    | <b><u>\$0.076872</u></b>         | <b><u>\$0.048269</u></b>           |

- (g) Cost recovery under the CIP is contingent on an earnings test. If the product of the earnings test calculation exceeds the Company's most recently approved ROE by fifty (50) basis points or more, cost recovery under the CIP shall not be allowed.

The Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the annual period by the Company's average jurisdictional common equity balance for such annual period. The average jurisdictional common equity balance will be derived by multiplying the average of the Company's beginning and ending net rate base for the annual period by the Board-approved equity ratio in the Company's most recent rate case. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income the CIP booked margin revenue accruals and the Company's share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) On-System Capacity Release; (4) Off-System Sales and Capacity Release; (5) the Storage Incentive Mechanism; and (6) the Energy Efficiency Tracker.

- (h) As used in this Rider "M", the following terms shall have the meanings ascribed to them herein:

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 103

**RIDER "M"**  
**CONSERVATION INCENTIVE PROGRAM (CIP)**  
(Continued)

- (i) **Actual Number of Customers** – the Actual Number of Customers ("ANC") shall be determined on a monthly basis for each of the Customer Class Groups to which the CIP Clause applies. The ANC shall equal the aggregate actual booked number of customers for the month as recorded on the Company's books, plus any Incremental Large Customer Count Adjustment for the Customer Class Group.
- (ii) **Actual Usage per Customer** – the Actual Usage per Customer ("AUC") shall be determined in therms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The AUC shall equal the aggregate actual booked sales for the month as recorded on the Company's books divided by the Actual Number of Customers for the corresponding month.
- (iii) **Adjustment Period** – shall be the year beginning immediately following the conclusion of the Annual Period.
- (iv) **Annual Period** – shall be the twelve consecutive months from October 1 of one calendar year through September 30 of the following calendar year.
- (v) **Baseline Usage per Customer** – the Baseline Usage per Customer ("BUC") shall be the average normalized consumption per customer by month derived from the Company's most recent base rate case, and stated in therms on a monthly basis for each Customer Class Group to which the CIP applies. The BUC shall be rounded to the nearest one tenth of one therm.
- (vi) **Customer Class Group** – For purposes of determining and applying the CIP, customers shall be aggregated into four separate recovery class groups. The Customer Class Groups shall be as follows:
- |            |                                  |
|------------|----------------------------------|
| Group I:   | RSG (non-heating customers only) |
| Group II:  | RSG (heating customers only)     |
| Group III: | GSG customers                    |
| Group IV:  | GSG-LV customers                 |
- (vii) **Forecast Annual Usage** – the Forecast Annual Usage ("FAU") shall be the projected total annual throughput for all customers within the applicable Customer Class Group. The FAU shall be estimated based on normal weather.
- (viii) **Incremental Large Customer Count Adjustment** – the Company shall maintain a list of incremental commercial and industrial customers added to its system on or after September 1, 2017 whose connected load is greater than that typical for the Company's average commercial and industrial customer in the GSG or GSG-LV rate schedules. For purposes of the CIP, large incremental customers shall be those GSG customers whose connected load exceeds 1,200 cubic feet per hour ("CFH") and those GSG-LV customers whose connected load exceeds 50,000 CFH. A new customer at an existing location previously connected to the Company's facilities shall not be considered an incremental customer. The Actual Number of Customers for the Customer Class Group shall be adjusted to reflect the impact of all such incremental commercial or industrial customers. Specifically, the Incremental Large Customer Count Adjustment for the GSG customer class for the applicable month shall equal the aggregate connected load for all new active customers that exceed the 1,200 CFH threshold divided by 600 CFH,

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**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 plus the IIP 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, excluding taxes. The MRFs by Customer Class Group are as follows:

|                            |                      |
|----------------------------|----------------------|
| Group I (RSG non-heating): | \$1.072964 per therm |
| Group II (RSG heating):    | \$1.072964 per therm |
| Group III (GSG):           | \$0.868110 per therm |
| Group IV (GSG-LV):         | \$0.458975 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 for all service classifications stated above. The level of BGSS savings referenced in Special Provision (d) to this Rider "M" shall be identified in the annual CIP filing, and serve as an offset to the non-weather related portion of the CIP charge provided in Special Provision (g) to this Rider "M". The Periodic and Monthly BGSS rates identified in Rider "A" to this tariff shall include the BGSS savings, as applicable.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



## SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 105

RIDER "N"  
ENERGY EFFICIENCY TRACKER ("EET")

## APPLICABLE TO:

|                      |   |                                           |
|----------------------|---|-------------------------------------------|
| Rate Schedule RSG    | - | Residential                               |
| Rate Schedule GSG    | - | General Service                           |
| Rate Schedule GSG-LV | - | General Service- Large Volume             |
| Rate Schedule CTS    | - | Comprehensive Transportation Service      |
| Rate Schedule LVS    | - | Large Volume Service                      |
| Rate Schedule FES    | - | Firm Electric Service                     |
| Rate Schedule EGS    | - | Electric Generation Service               |
| Rate Schedule EGS-LV | - | Electric Generation Service- Large Volume |
| Rate Schedule IGS    | - | Interruptible Gas Service                 |
| Rate Schedule ITS    | - | Interruptible Transportation Service      |
| Rate Schedule NGV    | - | Natural Gas Vehicle                       |

This Rider "N" shall be known as the Energy Efficiency Tracker ("EET"). For financial accounting purposes the Company shall record a return on and a return of investments in energy efficiency programs, as approved by the Board at Docket No. GO09010059, in an Order dated July 24, 2009, Docket No. GO12050363, in an Order dated June 21, 2003, Docket No. GR15010090, in an Order dated August 19, 2015, Docket No. GO18030350, in an Order dated October 29, 2018, Docket No. GR20060436 dated January 27, 2021 and Docket No. QO23120870 dated October 30, 2024 and recover all incremental operating and maintenance expenses of the programs, subject to the EET. Docket No. QO23120870 was filed in accordance with the Clean Energy Act of 2018 ("CEA") and the Board's Order dated May 24, 2023 in Docket Nos. QO1901040, QO23030150 and QO17091004. Docket No. QO20090618 was filed in accordance with the CEA and the Board's Order dated June 10, 2020 in Docket Nos. QO19010040, QO19060748 and QO171091004. The calculation will use the rate of return as identified in the respective Orders referenced above.

The EET rate will be calculated annually using projected data and subject to a true-up at the end of the EET year with simple interest on net over/under recoveries. Interest associated with over recoveries will be credited against the EET, while interest associated with under recoveries will be charged to the EET. The interest on monthly EET under and over recoveries shall be the interest rate based on the Company's weighted interest rate for the corresponding month obtained on its commercial paper and bank credit lines but shall not exceed the Company's weighted average cost of capital utilized to set rates in its most recent base rate case.

This EET will be effectuated through a volumetric rate applied to customers' bills. The Company shall make an annual EET rate filing in July of each year with a proposed implementation of the revised EET rate in October. Included in the filing will be a list of efficiency programs offered and eligible for recovery under the EET.

The Company shall have the discretion to implement a bill credit or a refund at any time during the EET Year with five (5) days notice to the BPU Staff and the Division of Rate Counsel. The Company shall have the discretion to file a self-implementing EET rate reduction at any time with two (2) weeks notice to the BPU Staff and the Division of Rate Counsel.

Rate Schedules subject to this Rider will be charged the following volumetric rate:

|                                      | EEP<br><u>Legacy Rate</u> | EEP Extension<br><u>Rate</u> | EEP T2<br><u>Rate</u> | Total<br><u>Tariff Rate</u> |
|--------------------------------------|---------------------------|------------------------------|-----------------------|-----------------------------|
| EET Rate per therm                   | \$0.016133                | \$0.030324                   | \$0.009289            | \$0.055746                  |
| Applicable NJ Sales Tax              | <u>\$0.001069</u>         | <u>\$0.002009</u>            | <u>\$0.000615</u>     | <u>\$0.003693</u>           |
| EET Rate per therm with NJ Sales Tax | <u>\$0.017202</u>         | <u>\$0.032333</u>            | <u>\$0.009904</u>     | <u>\$0.059439</u>           |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 106**

**GENERAL TERMS AND CONDITIONS - INDEX**

|                                                                                    | <b>Sheet No.</b> |
|------------------------------------------------------------------------------------|------------------|
| <b>1. GENERAL</b>                                                                  |                  |
| 1.1 Filing and Posting of Tariff                                                   | 108              |
| 1.2 Application of Tariff                                                          | 108              |
| 1.3 Statements By Agents                                                           | 108              |
| 1.4 Revision of Tariff                                                             | 108              |
| <b>2. OBTAINING SERVICE</b>                                                        |                  |
| 2.1 Application for Service                                                        | 108              |
| 2.2 Extension of Gas Service                                                       | 108              |
| 2.2.1 Charges                                                                      | 108              |
| 2.2.2 Refunds                                                                      | 109              |
| 2.3 Selection of Rate Schedule                                                     | 109              |
| 2.3.1 Change of Rate Schedule                                                      | 109              |
| 2.4 Deposit and Guarantee                                                          | 109              |
| 2.5 Liquidation of Prior Debts                                                     | 110              |
| 2.6 Main Extensions and Service Connections                                        | 110              |
| 2.7 Permits and Certificates                                                       | 110              |
| 2.8 Interruptible Sales Transportation Service                                     | 110              |
| <b>3. CHARACTERISTICS OF SERVICE</b>                                               |                  |
| 3.1 Continuity of Service                                                          | 111              |
| 3.2 Emergencies                                                                    | 111              |
| 3.3 Limitations                                                                    | 111              |
| 3.4 No Standby                                                                     | 111              |
| <b>4. EXTENSIONS OF MAINS AND SERVICES</b>                                         |                  |
| 4.1 Incorporation of NJAC 14:3-8.1                                                 | 111              |
| 4.2 General                                                                        | 111              |
| 4.3 Extensions Requested by Individual Customers                                   | 112              |
| 4.3.1 Residential                                                                  | 112              |
| 4.3.2 Non-Residential                                                              | 112              |
| 4.4 Extension of Service to Multi-Unit Residential and Non-Residential Development | 112              |
| 4.4.1 All Multi-Unit Customers                                                     | 112              |
| <b>5. SERVICE CONNECTIONS</b>                                                      |                  |
| 5.1 General                                                                        | 112              |
| 5.2 Change in Existing Installations                                               | 112              |
| <b>6. METERING AND MEASURING EQUIPMENT</b>                                         |                  |
| 6.1 General                                                                        | 113              |
| 6.2 Customer's Responsibility                                                      | 113              |
| 6.3 Access to Customer's Premises                                                  | 113              |
| 6.4 Authorization to Turn On Gas                                                   | 114              |
| 6.5 Submetering                                                                    | 114              |
| 6.6 Check Metering                                                                 | 114              |
| 6.6.1 General                                                                      | 114              |
| 6.6.2 Installation of Check Metering Equipment                                     | 114              |
| 6.6.3 Customer's Responsibility                                                    | 114              |
| 6.6.4 Hold Harmless                                                                | 115              |
| 6.7 Reserved For Future Use.                                                       | 115              |
| 6.8 Installation of Measuring Equipment                                            | 115              |
| 6.9 Adjustment and Maintenance of Measuring Equipment                              | 115              |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 107**

**GENERAL TERMS AND CONDITIONS - INDEX**

(Continued)

|                                                                               | <b>Sheet No.</b> |
|-------------------------------------------------------------------------------|------------------|
| 6.10 Test of Metering and Measuring Equipment                                 | 115              |
| 6.11 Test and Adjustment of Metering and Measuring Equipment                  | 115              |
| 6.11.1 Billing Adjustment                                                     | 115              |
| 6.12 Tampering                                                                | 116              |
| 6.12.1 Diversion of Service                                                   | 116              |
| 6.13 Seals and Locks                                                          | 116              |
| 6.14 Priority of Billing                                                      | 116              |
| <b>7. CUSTOMER'S INSTALLATION</b>                                             |                  |
| 7.1 General                                                                   | 117              |
| 7.2 Piping and Equipment                                                      | 117              |
| 7.3 Adequacy and Safety of Customer's Installation                            | 117              |
| 7.4 Back Pressure and Suction                                                 | 117              |
| 7.5 Maintenance of Customer's Installation                                    | 117              |
| 7.6 Company Inspection                                                        | 117              |
| 7.7 Leakage                                                                   | 117              |
| 7.8 Customer Release or Indemnity                                             | 118              |
| <b>8. METER READING AND BILLING</b>                                           |                  |
| 8.1 Evidence of Consumption                                                   | 118              |
| 8.2 Determination of Gas Volumes Delivered                                    | 118              |
| 8.3 Determination of Billing Unit                                             | 119              |
| 8.4 Determination of Therm Factor                                             | 119              |
| 8.5 Turn On Reading                                                           | 119              |
| 8.6 Final Reading                                                             | 119              |
| 8.7 Meter Reading                                                             | 119              |
| 8.8 Combined Billing                                                          | 119              |
| 8.9 Estimated Bills                                                           | 119              |
| 8.10 Billing Period                                                           | 120              |
| 8.11 Proration of Bills                                                       | 120              |
| 8.12 Equal Payment Plan                                                       | 120              |
| 8.13 Billing Adjustments                                                      | 120              |
| <b>9. CAUSES FOR DISCONTINUANCE OF SERVICE</b>                                |                  |
| 9.1 By the Company                                                            | 120              |
| 9.2 Non-Waivers                                                               | 120              |
| 9.3 Restoration of Service                                                    | 120              |
| <b>10. MISCELLANEOUS SERVICE CHARGES</b>                                      |                  |
| 10.1 Turn On Charge                                                           | 121              |
| 10.2 Returned Bank Item                                                       | 121              |
| 10.3 Transfer of Service Charge                                               | 121              |
| 10.4 Field Collection Fee                                                     | 122              |
| 10.5 Application Fee                                                          | 122              |
| 10.6 Transportation Initiation Fee                                            | 122              |
| 10.7 Adjustment and Repair of Appliances                                      | 122              |
| <b>11. CONDITIONS UNDER WHICH RATE DISCOUNTS SHALL BE CONSIDERED</b>          |                  |
| 11.1 Customers with the ability to bypass                                     | 122              |
| 11.2 Customers with circumstances other than the ability to physically bypass | 123              |
| <b>12. DEFINITIONS</b>                                                        | 123-127          |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 108

GENERAL TERMS AND CONDITIONS

1. GENERAL

- 1.1 **FILING AND POSTING OF TARIFF:** A copy of this Tariff is filed with the Board and copies are posted and open to inspection at the offices of the Company. A copy of this Tariff is also available on the Company's website at [www.southjerseygas.com](http://www.southjerseygas.com).
- 1.2 **APPLICATION OF TARIFF:** These General Terms and Conditions govern all rate schedules to the extent applicable and are made part of all Standard Gas Service Agreements for the supply of gas service unless specifically modified by the terms of a particular rate schedule or by special terms written in and made a part of a Standard Gas Service Agreement. Failure by the Company to enforce any provisions, terms or conditions set forth in this Tariff shall not be deemed a waiver thereof. If any terms and conditions contained in this Tariff are in conflict with the New Jersey Administrative Code, the New Jersey Administrative Code shall prevail. The Tariff will not be construed to be in conflict with the New Jersey Administrative Code if the Tariff provides for a more liberal treatment of customers than that provided for in the New Jersey Administrative Code.
- 1.3 **STATEMENTS BY AGENTS:** No representative of the Company has the authority to modify any provisions contained in this Tariff or to bind the Company by any promise or representation contrary hereto.
- No modification of the terms and provisions of any Standard Gas Service Agreement shall be effective except by execution of a new Standard Service Agreement.
- 1.4 **REVISION OF TARIFF:** The Tariff is subject to the lawful orders of the Board. The Company reserves the right at any time and in any manner permitted by law, and the applicable rules and regulations of the Board, to terminate, or to change or modify by revision, amendment, supplement, or otherwise, this Tariff or any part thereof, or any revision or amendment thereof or supplement thereto. All Standard Gas Service Agreements are accepted subject to the above reservations.

2. OBTAINING SERVICE

- 2.1 **APPLICATION FOR SERVICE:** Application for gas service may be made at any office of the Company in person, by telephone, or by mail. Applicant shall indicate conditions under which service will be required and Applicant may be required to sign a Standard Gas Service Agreement covering conditions under which service will be supplied.
- 2.2 **EXTENSION OF GAS SERVICE:**
- 2.2.1 **CHARGES:** In addition to the charges set forth in Rate Schedules and Riders included elsewhere in this Tariff, the Company may require additional monthly charges, up-front contributions, or deposits, pursuant to N.J.A.C. 14:3-8.1, *et seq.* These charges shall be increased for any tax consequences to the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 109**

**GENERAL TERMS AND CONDITIONS**

(Continued)

2.2.2 **REFUNDS:** Deposits that are received from customers pursuant to Sections 4 – Extensions of Mains and Services and 5 – Service Connections of the General Terms and Conditions of this Tariff, shall be refunded without interest in accordance with the applicable formula contained in N.J.A.C. 14:3-8.10 and N.J.A.C. 14:3-8.11. In no event shall the Company refund more than the total deposit amount received from the Customer. Any deposit amount not refunded within ten (10) years from the date service was initiated, shall remain with the Company and shall constitute a contribution in aid of construction (“CIAC”).

Deposits that are received from customers pursuant to Section 2 – Obtaining Service of the General Terms and Conditions of this Tariff, shall be refunded in accordance with N.J.A.C. 14:3-3.5.

2.3 **SELECTION OF RATE SCHEDULE:** Company will, upon request, assist the Applicant in selection of the applicable rate. The Company shall determine which rate schedule or rate schedules are available to an Applicant. The Company shall make such determination based upon information supplied by the Applicant or by inspection, at the Company's election. Where more than one rate schedule is available to a particular Applicant, the Company shall have at all times the duty to assist such Applicant in a selection of the rate schedule most favorable for his individual requirements and to make every reasonable effort to insure that such Applicant is served under the most advantageous schedule.

2.3.1 **CHANGE OF RATE SCHEDULE:** Subsequent to initial selection of a rate schedule, customer shall notify Company in writing of any change in the character or use of service which might affect the selection of a rate schedule or provision within a rate schedule. If the change in character or use warrants a change in schedule or provision, said change may commence with the next month's bill.

2.4 **DEPOSIT AND GUARANTEE:** A reasonable deposit or other guarantee satisfactory to the Company may be required from any new or existing customer who has not established credit with the Company or where the credit of such customer has become impaired. For the purposes of requesting a deposit or other guarantee: (1) the credit of a customer is considered impaired if any bills rendered were not paid before the preparation of the customer's immediately succeeding month's bill; and (2) the credit of a customer is considered established if all bills rendered for the last twelve monthly billing periods were paid before the preparation of the customer's immediately succeeding months' bills or as to a New Customer, who provides the Company with a letter of reference from another utility or source acceptable to the Company.

The initial deposit required will be of an amount equal to two times the average monthly charge for the service for a 12-month service period. Such deposit is required as security for the payment of future and final bills and may be required to be paid before the Company will commence or continue to render service. All deposits shall bear such interest as is allowed by the Board, payable at the time that the deposit is refunded or applied to the customer's account

If a customer's service has been terminated for non-payment of bills, the Company may not condition restoration of service on payment of a deposit. Instead, the Company shall bill the customer for the deposit, and shall allow the customer at least 15 days after the billing for payment of the deposit, or shall make other reasonable payment arrangements with the customer.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 110**

**GENERAL TERMS AND CONDITIONS**

(Continued)

Retention by the Company, prior to final settlement of said deposit, is not a payment or part payment of any bill for service. The Company shall review an RSG customer's account at least once every year and a non-residential customer's account at least once every two years and if such review indicates that the customer has established credit satisfactory to the Company, then the outstanding deposit shall be refunded to the customer. The Company shall afford the customer the option of having the deposit refund applied to the customer's account in the form of a credit or of having the deposit refunded by separate check in a period not to exceed one billing cycle. Notwithstanding a residential customer's credit status, the Company shall credit all accrued interest at least once during each 12 month period, pursuant to N.J.A.C. 14:3-3.5.

The Company also reserves the right to apply a deposit against unpaid bills for service. If such action is taken, the customer will be required to restore the deposit to its original amount. On discontinuance of service, the Company reserves the right to apply said deposit against unpaid bills for service and only the remaining balance of the deposit will be refunded. The Company shall have a reasonable time in which to read the meter and to ascertain that the obligations of the customer have been fully performed before being required to return any deposit.

Deposits may be waived where the circumstances warrant such waiver.

- 2.5 **LIQUIDATION OF PRIOR DEBTS:** Service will not be supplied by the Company to former customers until such time as any and all indebtedness to the Company for previous service has been paid or otherwise discharged, or until such time as a reasonable deferred payment arrangement acceptable to the Company is established to liquidate such debt.
- 2.6 **MAIN EXTENSIONS AND SERVICE CONNECTIONS:** An Applicant may be required to make a payment (deposit or contribution in aid of construction) toward the cost of extending gas service to its facility as set forth in Sections 4 and 5 of these General Terms and Conditions.
- 2.7 **PERMITS AND CERTIFICATES:** The Company, where necessary, will make application for any permits necessary to extend its main and install service connections and shall not be required to furnish service until after such permits are granted. The Applicant may be required to pay the charge, if any, for said permits. The Company may require the Applicant to obtain on the Company's behalf, all necessary instruments providing for easements or rights of way and may require the Applicant to properly record or register such documents with the appropriate authorities. Also, the Company may require the Applicant to obtain permits, consents, and certificates necessary for the introduction of service.

When the Applicant is not the owner of the premises or of intervening property between the premises and the Company's mains, the Applicant may be required to obtain from the proper owner, or owners, the necessary consent to the installation and maintenance in such premises and in or about such intervening property of all necessary equipment for supplying gas.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 111

GENERAL TERMS AND CONDITIONS

(Continued)

2.8 **INTERRUPTIBLE SALES AND TRANSPORTATION SERVICE:** The Company may require a customer who has transferred from a Firm Sales Service or Firm Transportation Service rate schedule to an Interruptible Transportation Service or Interruptible Sales Service Rate Schedule to make a deposit up to the cost of the facilities which the Company installed to provide service under the Firm Rate Schedule. The Company will refund one-half of all revenues received from the customer under the Interruptible Sales Service or Interruptible Transportation Service, less applicable taxes and Applicable Riders, for a period up to eight years. In no event shall more than the original deposit be returned to the customer nor shall any part of the deposit remaining after eight years from the date of the original deposit be returned. The making of a payment shall not give the customer any interest in the facilities, the ownership being vested exclusively in the Company.

3. **CHARACTERISTICS OF SERVICE**

3.1 **CONTINUITY OF SERVICE:** The Company will use reasonable diligence to provide a regular and uninterrupted supply of service, but should the supply be suspended, curtailed or discontinued by the Company for any of the reasons set forth in Section 9 of these General Terms and Conditions, or should the supply of service be interrupted, curtailed, deficient, defective or fail by reason of force majeure or otherwise, the Company shall not be liable for any loss or damage, direct or consequential, resulting from any such suspension, discontinuance, defect, interruption, curtailment, deficiency or failure.

3.2 **EMERGENCIES:** The Company may curtail or interrupt service to any customer or customers, irrespective of rate schedule under which said service is received, in the event of an emergency threatening the integrity of its system if, in its sole judgment, such action will prevent or ameliorate the emergency condition.

3.3 **LIMITATIONS:** The Company reserves the right to place limitations on the amount and character of gas service it will supply; to refuse service to New Customers or to existing customers for additional load if unable to obtain sufficient supply for such service; to reject applications for service or additional service where such service is not available or where such service might affect the supply of gas to other customers or for other good and sufficient reasons.

The Company reserves the right to curtail or discontinue the supply of gas service to the customer in the event of force majeure.

3.4 **NO STANDBY:** Service shall not be provided for standby uses under any rate schedule.

4. **EXTENSIONS OF MAINS AND SERVICES.**

4.1 **INCORPORATION OF N.J.A.C. 14:3-8.1, et seq.:** Except where otherwise noted in this Tariff, the provisions and definitions within N.J.A.C. 14:3-8.1, et seq., shall be applicable.

4.2 **GENERAL:** The construction of main extensions will be subject to the regulations at N.J.A.C. 14:3-8.1, et seq. The Company may construct and will own, and maintain distribution mains located on streets, highways, and right of way, used or usable as a part of its distribution system. The making of a deposit or contribution by the customer, shall not give the customer any interest in the facilities, the ownership being vested exclusively in the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 112**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**4.3 EXTENSIONS REQUESTED BY INDIVIDUAL CUSTOMERS**

**4.3.1. RESIDENTIAL:** The Company will extend its gas mains and services to serve an individual residential customer at no charge where the Extension Cost does not exceed ten (10) times the annual Distribution Revenue at the BUC for the customer's respective Conservation Incentive Program (CIP) Customer Class Group as set forth in Rider "M" to this tariff. The Company shall require a deposit equal to the Extension Costs in excess of ten (10) times the annual Distribution Revenue at the BUC for the customer's respective Customer Class Group and shall include any tax consequences to the Company.

If the Company accepts an application for an extension, the Company may furnish and place, at no cost to the Customer, up to 200 feet of normal residential facilities. The Company will waive the deposit requirement where the excess cost is \$3,000 or less.

**4.3.2 NON-RESIDENTIAL:** The Company will extend its gas mains and services to an individual firm commercial or industrial customer and shall require a deposit equal to the Extension Costs, increased by any tax consequences to the Company. The Company will waive the deposit requirement where the excess cost is \$3,000 or less. In lieu of a deposit for Extension Costs, the Company and the Customer may agree upon a satisfactory revenue guarantee.

**4.4. EXTENSION OF SERVICE TO MULTI-UNIT RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT**

**4.4.1. ALL MULTI-UNIT CUSTOMERS:** The Company shall require a deposit for an Extension subject to this Section, in an amount no greater than the Extension Cost required to serve the development. The deposit shall be increased by any tax consequences to the Company. The Company will waive the deposit requirement where the excess cost is \$3,000 or less. In lieu of a deposit for Extension Costs, the Company and the Customer may agree upon a satisfactory revenue guarantee.

**5. SERVICE CONNECTIONS**

**5.1 GENERAL:** If the Company accepts an application for an Extension, normal residential service connections shall be, measured at right angles from the nearest curb line to the Applicant's building, at the point of service entrance designated by the Company. Meters and regulators will be furnished and installed by the Company. The costs of meters and regulators (including the installation) may be waived by the Company.

The Applicant shall consult the Company as to the exact point at which the service pipe will enter the building before installing interior gas piping or starting any other work dependent upon the location of the service pipe. The Company will determine the location of the service pipe depending upon physical constraints in the street and other practical considerations.

Gas service will be supplied to a Applicant's premises through a single service pipe except where, in the judgment of the Company, its economic considerations; conditions on its distribution system; improvement of service conditions; or volume of the customer's requirements, make it desirable to the Company to install more than one service pipe.

**5.2 CHANGE IN EXISTING INSTALLATIONS:** Change in the existing service pipe and/or metering facilities requested by the customer or Applicant must be approved by the Company and shall be made at the expense of the customer or Applicant.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

---

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 113**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**6. METERING AND MEASURING EQUIPMENT**

- 6.1 **GENERAL:** Company may, at its discretion, install and maintain a single meter or measuring device for service upon each rate schedule under which the customer receives service. Whenever possible, the meter shall be located outside. If the meter cannot be located outside, the meter may be set so it can be read from outside the building, by a remote meter reading device.

When requested by a customer, remote meter reading equipment which transmits the reading on a meter to a repeating register located on the outside of a building, shall be installed, if feasible. However, the Company must be permitted access to the interior meter at all reasonable times. The cost of installation may be borne by the customer. The payment shall not give the customer any interest in the installed equipment, the ownership being vested exclusively in the Company.

If permitted under the applicable rate schedule, the Company may install an electronic data collection system for use in conjunction with the metering of service, and may assess the customer for the cost of said data collection system and the installation thereof. If the Company so elects, the customer shall arrange for or provide, at no cost to the Company, adequate electrical service for the data collection system, a location for the data collection system acceptable to the Company, and a dedicated means of telemetry (telephone, cellular, etc.) for use in connection with the data collection system. The customer shall be responsible for monthly telemetric data charges (telephone, cellular, etc.) for use in connection with the data collection system when electronic data collection is required by the Company.

The Company's equipment shall be replaced whenever deemed necessary and may be removed by the Company at any reasonable time after the discontinuance of service.

The Company will select the type and make of metering equipment and may, from time to time, change or alter such equipment; its sole obligation is to supply meters that will accurately and adequately furnish records for billing purposes.

- 6.2 **CUSTOMER'S RESPONSIBILITY:** Customer shall furnish and maintain a suitable space for the meter and associated equipment. Such space shall be as near as practicable to the point of service entrance and which shall be adequately ventilated, dry and free of corrosive vapors, not subject to extreme temperatures and shall be readily accessible to employees of the Company. Customer shall not tamper with or remove meters or other equipment, nor permit access thereto except by the Company's authorized employees. In case of loss or damage to the Company's property from the act or negligence of the customer or his agents or servants, or of failure to return equipment supplied by the Company, customer shall pay to the Company the amount of such loss or damage to the property.

A charge may be made for excessive maintenance caused by vandalism and/or repeated damages.

- 6.3 **ACCESS TO CUSTOMER'S PREMISES:** The Company, or duly authorized government employees, shall have the right of reasonable access to customer's premises, and to all property furnished by the Company, at all reasonable times for the purpose of inspection of customer's premises incident to the rendering of service, reading meters or inspecting, testing, or repairing its facilities used in connection with supplying the service, or for the removal of its property.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 114**

**GENERAL TERMS AND CONDITONS**

(Continued)

6.4 **AUTHORIZATION TO TURN ON GAS:** Only duly authorized employees or agents of the Company shall be permitted to turn on gas into any new system, or into any old system, of piping from which the use of gas service has been discontinued. This pertains to both Company facilities, such as mains and services, and customer house lines.

6.5 **SUBMETERING:** Submetering is the practice in which a customer buys gas pursuant to the Company's rate schedules and resells it through some metering device at a profit. Submetering is specifically prohibited.

6.6 **CHECK METERING**

6.6.1 **GENERAL:** Check metering is the practice in which a customer, through the use of a gas check meter, monitors or evaluates his own consumption or the consumption of a tenant for accounting or conservation purposes.

Check meters are equipment for the measurement of volumes of gas consumption. Check meter may be utilized by a customer to resell gas. If the customer charges the tenant for the usage incurred by the tenant, reasonable administrative expenses may be included, which charges shall not exceed the amount the Company would have charged such tenant if the tenant had been served and billed by the Company directly.

Check metering, as defined above, is permitted in new or existing buildings or premises where the basic characteristic of use is industrial or commercial. Check metering is not permitted in new or existing buildings or premises where the basic characteristic of use is residential except for condominiums or cooperative housing, or where such buildings or premises are publicly financed or government owned or are eleemosynary in nature.

If a customer is permitted to utilize check metering, then all gas consuming devices within any dwelling unit at customer's location must be metered through a single check meter.

6.6.2 **INSTALLATION OF CHECK METERING EQUIPMENT:** The customer acting jointly with the Company may install, maintain and operate, at customer's expense, such check metering equipment as desired, provided that such equipment shall be so installed as not to interfere with the operations of Company's measuring equipment at or near the point of delivery.

6.6.3 **CUSTOMER'S RESPONSIBILITY:** Prior to installing any check metering equipment a customer is required to contact the Company, so that the Company may determine whether a proposed check metering installation may result in a pressure drop to the customer's premises. If the Company believes it necessary for such a determination, the Company may require the customer to submit detailed plans and specifications related to the proposed installation. If the Company believes that a significant pressure drop may occur, the Company will reject the proposed installation.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 115**

**GENERAL TERMS AND CONDITONS**

(Continued)

6.6.4 **HOLD HARMLESS:** The ownership of all check metering devices is that of the customer, and customer shall be responsible for all incidents in connection with said ownership, including accuracy of the equipment, meter reading and billing, liability arising from the presence, installation and operation of the equipment and the maintenance and repair of the equipment. Any additional costs which may result from and are attributable to the presence, installation and operation of check metering shall be borne by the customer.

This hold harmless provision shall include, but not be limited to, claims for damages caused by an unsafe presence, installation or operation of said device by the customer, claims of improper invoicing by the customer, attorney's fees and related costs.

6.7 **RESERVED FOR FUTURE USE.**

6.8 **INSTALLATION OF MEASURING EQUIPMENT:** All installations of measuring equipment applying to or affecting deliveries hereunder shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care should be exercised by customer in the installation, maintenance, and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of gas delivered hereunder.

6.9 **ADJUSTMENT AND MAINTENANCE OF MEASURING EQUIPMENT:** Each party shall have the right to be present at the time of installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with measuring equipment involved in billing and used in measuring or checking the measurement of deliveries hereunder. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit to the other its records and charts, together with calculations therefrom for inspection and verification, subject to return within ten (10) days after the receipt thereof.

6.10 **TEST OF METERING AND MEASURING EQUIPMENT:** The accuracy of Company's meters and measuring equipment shall be verified by Company at reasonable intervals, and, if requested, in the presence of representatives of customer. In the event that the customer requests a special test of any equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of such special tests shall be borne by customer if the request for such tests is made more frequently than once every 12 months.

6.11 **TEST AND ADJUSTMENT OF METERING AND MEASURING EQUIPMENT:** If, upon testing, any metering or measuring equipment, including recording calorimeter, is found to be in error of not more than two percent (2%), previous recordings of such equipment shall be considered accurate in computing deliveries hereunder, but such equipment shall be adjusted to record correctly. If, upon test, any metering or measuring equipment shall be found to be inaccurate by an amount of two percent (2%) or more fast or slow, the equipment shall be adjusted to record correctly, and the volume of gas delivered hereunder may be corrected to zero error.

6.11.1 **BILLING ADJUSTMENT:** If, upon test, any metering or measuring equipment is found to be two percent (2%) or more fast, a billing adjustment will be made to the customer's account in the following manner: (1) If the date when the

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 116**

**GENERAL TERMS AND CONDITIONS**

(Continued)

meter had first become inaccurate can be definitely ascertained, then the adjustment shall be such percentage as the meter is found to be in error at the time of test adjustment to 100 percent on the amount of the bills covering the entire period that the meter registered inaccurately. (2) In all other cases the adjustment shall be such percentage as the meter is found to be in error at the time of test on one-half of the total amount of the billing affected by the fast meter adjusted to 100 percent since the previous test, but not to exceed a period of 6 years for meters subject to testing by an approved scientific sampling technique. (3) No adjustment shall be made for a meter that is found to be registering less than 100 percent except in the case of meter tampering, nonregistering meters or in circumstances in which the customer should reasonably have known that his bill did not reflect customer usage.

- 6.12 **TAMPERING:** In the event it is established that the Company's services, meters, regulators, or other equipment on the customer's premises have been tampered with, the responsible party shall be required to bear all of the costs incurred by the Company including, but not limited to, the following: (a) investigations, (b) inspections, (c) cost of criminal prosecution or civil litigation, (d) legal fees, and (e) installation of any protective equipment deemed necessary by the Company. The responsible party shall be the party who either tampered with or caused the tampering with a meter or other equipment or knowingly received the benefit of tampering caused by another.

Furthermore, when tampering with the Company's or customer's facilities results in incorrect measurement or the omission of measurement of the service supplied, the customer shall pay for such service, as the Company may estimate from available information, to have been used.

- 6.12.1 **DIVERSION OF SERVICE:** When tampering is identified as affecting a tenant-customer's consumption, as a result of service being used by a beneficiary other than the tenant-customer of record without his or her knowledge or cooperation, then the Board's regulation pursuant to N.J.A.C. 14:3-7.8 shall apply. A tenant-customer is considered to be the residential customer of record, who rents a dwelling unit in a multi-family building or owns a condominium. The beneficiary is considered to be the person, corporation or other entity financially benefiting from tampering resulting in a diversion of service.

- 6.13 **SEALS AND LOCKS:** The Company shall seal and may lock all meters or enclosures containing meters and associated metering equipment. No person except a duly authorized employee of the Company shall break or remove a Company seal or lock.
- 6.14 **PRIORITY OF BILLING:** As between gas purchased or delivered on any firm rate schedule and gas purchased or transported on any interruptible rate schedule, the firm gas will be first through the meter. As between any gas transported on Rate Schedule ITS or delivered under Rider "D" of this Tariff, on the one hand, and, gas purchased under any rate schedule, on the other, the transported or delivered gas will be first through the meter.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 117**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**7. CUSTOMER'S INSTALLATION**

- 7.1 **GENERAL:** The customer is responsible for protecting and maintaining the Company's facilities on the customer's premises.

No material change in the size, total capacity, or method of operation of customer's equipment shall be made without previous written notice to the Company.

The Company gives no warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structure, equipment, wires, pipes, appliances or devices used by the customer.

- 7.2 **PIPING AND EQUIPMENT:** All gas equipment shall have the approval of the duly constituted authorities having jurisdiction. All gas piping and equipment shall be installed and maintained by the customer in conformance with the Company's rules and regulations available in booklet form on request, and in conformance with all lawful requirements of municipal or other properly constituted public authorities.

- 7.3 **ADEQUACY AND SAFETY OF CUSTOMER'S INSTALLATION:** The Company shall not be required to supply gas service until the customer's installation shall have been approved by the authorities having jurisdiction. The Company further reserves the right to withhold its service, or to discontinue its service, whenever such installation or part thereof is deemed by the Company to be unsafe, inadequate, or unsuitable for receiving service, or to interfere with or impair the continuity or quality of service to the customer or to others. In all cases, no final connection between the Company's equipment and the Customer's installation shall be made without final inspection from the Department of Community Affairs or its designee.

Customer's appliances, piping and installation shall be made and maintained in accordance with the specifications set forth in the Fuel Gas Subcode of the Uniform Construction Code and such other regulations as may be determined from time to time by any governmental agency having jurisdiction over customer's installation.

- 7.4 **BACK PRESSURE AND SUCTION:** When the nature of the customer's gas equipment is such that it may cause back pressure or suction in the piping system, meters, or other associated equipment of the Company, suitable protective devices, subject to approval by the Company, shall be furnished, installed, and maintained by the customer.
- 7.5 **MAINTENANCE OF CUSTOMER'S INSTALLATION:** Customer's entire installation shall be maintained by the customer in the condition required by the municipal or other public authorities having jurisdiction and by the Company.
- 7.6 **COMPANY INSPECTION:** The Company reserves the right to inspect the customer's premises from time to time to ensure compliance with the General Terms and Conditions and the applicable rate schedule of this Tariff.
- 7.7 **LEAKAGE:** Customer shall immediately give notice to the Company at its office of any escape of gas in or about the customer's premises.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 118**

**GENERAL TERMS AND CONDITIONS**

(Continued)

7.8 **CUSTOMER RELEASE OR INDEMNITY:** Customer releases and shall indemnify and save harmless the Company from all loss, cost, expense, or liability for personal injuries or loss of life, or for damages, direct or consequential, which may arise out of, or result from, the use of gas service on customer's premises, or from the presence upon such premises, of any of the equipment of the Company, except for general or direct damages that follow from the Company's negligence, recklessness, or willful misconduct.

8. **METER READING AND BILLING**

8.1 **EVIDENCE OF CONSUMPTION:** The quantity of gas measured by the Company's meter shall be final and conclusive for billing purposes, unless adjustment thereof is appropriate pursuant to these General Terms and Conditions and N.J.A.C 14:3-4.5.

8.2 **DETERMINATION OF GAS VOLUMES DELIVERED:** The volume of gas delivered in the billing period is the consumption recorded on standard metering devices.

Where applicable, these volumes will be converted for any or all of the following conditions:

- (1) The temperature of the gas passing the meters described herein shall be determined by means of a continuously indicating meter of standard manufacture so installed that it may properly indicate the temperature of gas flowing through the meter or meters. The arithmetic average of the twenty-four (24) hour record, or of so much of the twenty-four (24) hours as gas has been passing if gas had not been passing during the entire period, from the indicating thermometer, shall be deemed to be the gas temperature for the day and shall be used in computing gas volume.
- (2) The specific gravity of gas shall be determined for any one day by the use of the continuous recording gravitometer used by Company's Supplier to determine the specific gravity of gas delivered to Company. The arithmetic average of the specific gravity recorded each day shall be used in computing the volumes of gas delivered. During such time or times as the said gravitometer shall not be in service, the specific gravity of the gas delivered shall be determined by the use of an approved specific gravity balance with such reasonable frequency as is found expedient in practice, but not less frequently than once each month.
- (3) The unit of volume for the purpose of measurement as referred to herein shall be one (1) cubic foot of gas at a temperature of 60 degrees Fahrenheit and at an absolute atmospheric pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch. The average absolute atmospheric pressure shall be assumed to be fourteen and seventy-three hundredths (14.73) pounds per square inch, irrespective of actual elevation of location of the point of delivery above sea level of variations in such atmospheric pressure from time to time.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 119

GENERAL TERMS AND CONDITIONS

(Continued)

- (4) The deviation of the natural gas from Boyle's Law as described hereunder, shall be determined by periodic tests. The apparatus and the method to be used in making such tests shall be in accordance with the recommendations of the National Bureau of Standards of the Department of Commerce, or of the U.S. Bureau of Mines of the Department of the Interior, or any other method or methods mutually agreed upon. The results of such tests shall be used in computing the volume of gas delivered hereunder.
- 8.3 **DETERMINATION OF BILLING UNIT:** The billing unit of the gas deliverable hereunder shall be therms, and the number of therms delivered shall be determined by multiplying the number of cubic feet of gas delivered by the therm factor.
- 8.4 **DETERMINATION OF THERM FACTOR:** The average total therm factor of the gas per cubic foot referred to herein shall be determined by means of Company's recording calorimeter and corrected for a water vapor free basis. The arithmetic average of the twenty-four (24) hour period, or so much of the twenty-four (24) hours as gas has been passing if gas has not been passed during the entire period, from the recording calorimeter, shall be deemed to be the total therm factor of the gas for that day.
- The billing month's therm factor is the month's average of daily therm factors, computed at the end of the preceding billing month.
- 8.5 **TURN ON READING:** Any customer initiating the use of gas in violation of these General Terms and Conditions without making application for service and enabling the Company to read the meter, will be held liable for service supplied to the premises from the last meter reading immediately preceding customer's occupancy, as shown by the records of the Company.
- 8.6 **FINAL READING:** A customer requesting to discontinue service must give adequate notice as provided for in the applicable rate schedule in order to allow the Company to secure a final reading during normal business hours. Where such notice is not received by the Company, customer shall be liable for service until final reading of the meter is taken. Notice to discontinue service will not relieve a customer from any contractual obligations, including any minimum or guaranteed payment under any contract or rate schedule.
- 8.7 **METER READING:** Meters will be read on a monthly basis.
- 8.8 **COMBINED BILLING:** Where service through more than one meter to a single customer on a given rate is permitted by the Company, the use determined by the individual meters will be combined for billing purposes.
- 8.9 **ESTIMATED BILLS:** When the Company is unable to read the meter, Company may estimate the amount of gas supplied and submit an estimated bill, so marked. Adjustment of such estimated use to actual use will be made when an actual meter reading is obtained.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 120**

**GENERAL TERMS AND CONDITIONS**

(Continued)

- 8.10 **BILLING PERIOD:** Bills for service furnished will be normally rendered monthly and shall be due and payable within fifteen (15) days of the mailing date.
- 8.11 **PRORATION OF BILLS:** When the billing month is greater or less than thirty (30) days, customer bills will be computed by prorating the Applicable rates in all rate schedules and customer charges in Rate Schedules RSG, GSG, GSG-LV, and EGS on the basis of the relationship between the number of days covered by the billing period and thirty (30) days, except as provided for in a specific rate schedule.
- 8.12 **EQUAL PAYMENT PLAN:** The Company will provide to customers, on request, an equal payment plan in conformity with N.J.A.C. 14:3-7.5. Further, there shall be at least one comparison of actual bills, based on meter readings to the monthly budget amount, and if this comparison reveals an increase or decrease of 25 percent or more of the monthly budget amount, the monthly budget amount will be adjusted upwards or downwards, as the case may be, for the balance of the budget plan year.

The Company will give the customer a written notice of the revised budget figure at least 10 working days before the due date of the initial bill of the next budget plan year.

- 8.13 **BILLING ADJUSTMENTS:** Except as provided in Sections 6.11 and 6.12 of these General Terms and Conditions, when for any reason a meter fails to register the full use of gas, or fails to register within the limits of accuracy prescribed by the Board, customer's use of gas will be estimated by Company on the basis of available data and charges will be adjusted accordingly. The maximum time to pay for the charge will be equal to the length of time that the meter failed to register.

**9. CAUSES FOR DISCONTINUANCE OF SERVICE**

- 9.1 **BY THE COMPANY:** Company shall have the right to suspend or discontinue its service for any of the following reasons:

- (1) To make repairs, changes, or improvements to any part of its system;
- (2) For compliance in good faith with any governmental order or directive; whether Federal, State, municipal, or otherwise, notwithstanding such order or directive subsequently may be held to be invalid;
- (3) Non-payment of any bill for service furnished at the present or a previous location, or place of business; However, non-payment for business service shall not be a reason for discontinuance of customer's residential service except in cases of diversion of service pursuant to N.J.A.C. 14:3-7.8;
- (4) Tampering with any pipe, meter, or other facility of the Company;
- (5) Fraudulent representation in relation to use of gas service;
- (6) Failure of the customer to comply with any of these General Terms and Conditions;

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 121**

**GENERAL TERMS AND CONDITIONS**

(Continued)

- (7) Delivering gas service to others without the Company's approval, except as permitted under Section 6.6 CHECK METERING.
  - (8) Failure to make or increase an advance payment or deposit when requested by the Company, provided that the customer had advance notice of the request for said advance payment of deposit;
  - (9) Refusal to contract for service;
  - (10) If in the judgment of the Company, customer's installation has become dangerous or defective;
  - (11) If customer's equipment or use thereof injuriously affects the quality of Company's service to other customers;
  - (12) Unauthorized increases in the size or total capacity of customer's equipment;
  - (13) In the event Company is prevented access to its meter or other service facilities, or in the event access thereto is obstructed or hazardous, or for other violation of Company's rules and regulations;
  - (14) Refusal of a customer receiving interruptible service, to discontinue the use of gas after proper notification;
- 9.2 **NON-WAIVERS:** Should gas service be terminated for any of the above reasons, such termination shall not be deemed a waiver of any other remedy available to the Company. Failure of the Company to exercise its right to terminate, or any other right, shall not be deemed a waiver of such right.
- 9.3 **RESTORATION OF SERVICE:** The Company shall restore service upon a proper application by a customer when the conditions under which service was discontinued are corrected, and upon the payment of all proper charges due from the customer provided for in this Tariff, or if the Board so directs when a complaint involving such matter is pending before the Board.
10. **MISCELLANEOUS SERVICE CHARGES**
- 10.1 **TURN ON CHARGE:** A turn on charge of \$45.00 may be made for each activation of service whether for initial service (by meter turn-on or meter reading in the case of a service transfer) or reactivation of service where Company personnel are required to travel to the service location.
- 10.2 **RETURNED BANK ITEM:** A charge of \$19.00 may be made to reimburse the Company for the expense of processing items returned by the bank as uncollectible on customer's account.
- 10.3 **TRANSFER OF SERVICE CHARGE:** A charge of \$7.00 may be made to transfer service between customers when the customer calls in a meter reading to the Company or exercises other

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 122**

**GENERAL TERMS AND CONDITIONS**

(Continued)

alternatives offered to the customer by the Company to transfer service when no Company personnel are required to travel to the service location.

10.4 **FIELD COLLECTION FEE:** A charge of \$12.00 may be made for each visit Company personnel make to a customer's location in an effort to collect overdue payments.

10.5 **APPLICATION FEE:** The Company may charge customers \$15.00 to process applications for service which require the installation of a new Service Connection.

10.6 **TRANSPORTATION INITIATION FEE:** Except for customers receiving Firm Transportation Service under Rate Schedule RSG, and customers receiving Firm Transportation Service under Rate Schedule GSG, and consuming on average less than 3,000 Dts per year, the Company may charge customers \$50.00 to initiate transportation of gas for the customer's account under any Rate Schedule or Rider in this Tariff, or may charge \$50.00 if a customer changes its Aggregator/Marketer.

10.7 **ADJUSTMENT AND REPAIR OF APPLIANCES:** Company will provide free service as follows:  
Meter turn off  
Appliance light up at time of meter turn on  
Original adjustment on appliances  
Normal pilot adjustment or cleaning (except during September and October)  
Normal adjustment of gas burners (except during September and October)  
Investigation for gas leaks and other safety related calls

Other services are provided at a charge.

**11. CONDITIONS UNDER WHICH RATE DISCOUNTS SHALL BE CONSIDERED**

The following General Terms and Conditions are applicable to all customers seeking a rate discount, including EGS-LV and FES customers.

**11.1 CUSTOMERS WITH THE ABILITY TO BYPASS**

Customers requesting a discounted rate due to the ability to bypass the Company's facilities need to supply the following minimum requirements; (i) a statement from the interstate pipeline that the proposed interconnection is operationally viable, that sufficient capacity is available and the pipeline would serve the party if requested; (ii) maps or flow diagrams identifying the route of the pipeline from the interconnection with the pipeline and the customer's site, the size of the connecting pipeline and any other appurtenant facilities required; (iii) engineering studies related to the estimated costs to complete construction; and (iv) status of all reliability and environmental permits from State and Federal agencies. Any individually negotiated rates agreed to pursuant to this tariff provision are subject to prior approval by the New Jersey Board of Public Utilities.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 123**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**11.2 CUSTOMERS WITH CIRCUMSTANCES OTHER THAN THE ABILITY TO PHYSICALLY BYPASS**

Customers may request a discounted rate for reasons other than physical bypass of the Company's facilities. In this situation, the application for such discounted rates submitted to the Board of Public Utilities shall explain the reasons for the request and provide ample support for the request, including but not limited to whether the discounted rate is in the public interest, how the discounted rate would spur economic development, and/or how the discounted rate would benefit the Company's ratepayers. Any individually negotiated rates agreed to pursuant to this tariff provision are subject to prior approval by the New Jersey Board of Public Utilities.

**12. DEFINITIONS**

**"AGGREGATOR/MARKETER"** is used herein to mean a business entity transacting business as an Aggregator of gas or as a Marketer of gas.

**"AFFILIATE"** is used herein to mean an entity controlled by or under common control with the entity with which it is affiliated.

**"ALTERNATE FUEL CAPABILITY"** is used herein to mean situations where an alternate fuel is installed and can be utilized in customer's equipment: provided, however, where the use of natural gas is for plant protection, feedstock, or process uses and the only alternate fuel is propane or other gaseous fuel, then the customer will be treated as having no Alternate Fuel Capability.

**"APPLICANT FOR AN EXTENSION"** is used herein to mean a person or entity that has applied to the Company for construction of an Extension, hereinafter referred to as Applicant.

**"BASE PERIOD BILLING"** is used herein to mean the number of therms billed to a customer at the qualifying existing facility during the corresponding billing month of the twelve months immediately preceding the billing month to which the customer first applied for service.

**"BASIC GAS SUPPLY SERVICE"** is used herein to mean gas supply service that is provided to any customer that has not chosen an alternative gas supplier, whether or not the customer has received offers as to competitive supply options, including, but not limited to, any customer than can not obtain service from an alternative supplier for any reason, including non-payment for services. It is the gas supply component in certain Rate Schedules for Firm Sales Service customers.

**"BILLING MONTH"** is used herein to designate a period which begins with the first cycle in any month and ends with the last cycle.

**"BOARD"** is used herein to designate the New Jersey Board of Public Utilities, its predecessors or successors.

**"BRITISH THERMAL UNIT"** is used herein to designate the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 124**

**GENERAL TERMS AND CONDITIONS**

(Continued)

“**CITY GATE STATION**” is used herein to mean a location at which Company receives gas from a pipeline company.

“**COGENERATION**” is used herein to mean the process by which natural gas is burned in equipment to generate electricity and recover the by-product heat from the generation process for use in industrial processes or space heating or both.

“**COMMERCIAL CUSTOMER**” is used herein to be a customer, whose facility at which service is received hereunder is engaged primarily in providing a service or the sale of goods or services. This would include, but not be limited to, wholesale or retail trade, local, state and federal government agencies, agriculture, warehouses, schools, forestry, transportation, communication, sanitary services, finance, insurance, clubs, hotels, and service to three or more dwelling units through a single meter. A customer who is neither Industrial nor Residential is a Commercial Customer.

“**COMPANY**” as referred to herein is used to designate South Jersey Gas Company which furnishes gas service under these General Terms and Conditions.

“**COSTS APPLICABLE**” is used herein to mean any and all costs per therm involved in acquiring the gas sold under an applicable rate schedule. Provided, however, that "Costs Applicable" shall not include demand charges paid by the Company for gas sold under said rate schedule. As used herein, "Costs Applicable" shall include but not be limited to, costs of acquisition of gas; costs of transportation of gas; costs of storage of gas; costs of compression; interstate pipeline loss and compressor fuel; line loss on the Company's system; and Taxes.

“**CUSTOMER**” is used herein to designate any person, firm, organization, partnership or corporation applying for or using gas service supplied by the Company at one specific location.

“**CUSTOMER CHARGE**” is the minimum fixed monthly charge. Where service is taken for less than one month, the minimum charge will be prorated.

“**CUSTOMER GROUP**” is used herein to mean a group of customers served under a single rate schedule by a single Aggregator/Marketer.

“**CYCLE**” is used herein to designate a geographical grouping of customers each having the same meter reading and billing schedules.

“**DAY**” is used herein to designate a period of twenty-four (24) consecutive hours beginning at 10:00 a.m.

“**DAILY PRICE SURVEY**” is used herein to mean a column published in the publication “Platts Gas Daily”, published by The McGraw Hill Companies. Should the “Transco, zone 6 non-N.Y.” prices no longer be available in the “Daily price survey” for an reason, the Company may substitute a substantially equivalent index or calculation.

“**DISTRIBUTION MAINS**” is used herein to designate the network of distribution piping to which customer's service connections are made.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 125**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**“DISTRIBUTION REVENUE”** is used herein to mean total revenue plus related Sales and Use Tax, collected by the Company from a customer, minus the Basic Gas Supply Service charges, plus related Sales and Use Tax on the Basic Gas Supply Service, assessed in accordance with the Company’s tariff.

**“DOMESTIC PURPOSES”** is used herein to mean such uses of gas as are typical of a household. Such purposes include, but are not limited to cooking, water heating, clothes drying, house heating, and air conditioning.

**“DWELLING UNIT”** is used herein to mean apartments, flats or rooming or boarding house bedrooms.

**“EXISTING FACILITY”** is used herein to mean a facility at which the Company is currently supplying or has previously supplied service under an applicable rate schedule at some time during the preceding twelve (12) months.

**“EXTENSION”** is used herein to mean the construction or installation of plant by the Company to convey a regulated service from existing or new plant to one or more new Customers, and also means the plant itself. This term includes all plant for transmission or distribution, whether located on a public street or right of way, or on a private property or private right of way, including the pipe used to convey regulated service from existing plant to each unit or structure to be served. An Extension begins at the existing infrastructure and ends at the meter and includes the meter.

**“EXTENSION COST”** is used herein to mean expenses incurred, calculated by using unitized costs for material and labor (internal and external) employed in the design, purchase, construction, and/or installation of the Extension, including overhead directly attributable to the work.

**“FACILITY”** is used herein to means all buildings and equipment located at the same geographic site which are commonly considered to be part of one plant, mill, refinery, or other industrial complex.

**“FIRM”** as used herein refers to a character of service offered to customers under applicable rate schedules or contracts which anticipate no interruption, except in the event of an emergency.

**“FIRST GAS THROUGH THE METER”** is used herein to establish a billing priority among rate schedules. When a customer purchases, transports, or secures delivery of gas on more than one rate schedule on a given day, the Company must, for billing purposes, apportion gas purchased to the rate schedules. In a case in which a particular rate schedule is deemed first through the meter, all of a customer's obligations under that rate schedule must be met, for billing purposes, before gas is billed pursuant to any other rate schedule.

**“FORCE MAJEURE”** as employed herein shall mean Acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, acts in the public interest, wars, blockades, insurrection, riots, epidemics, landslides, lightning, earthquakes, fires hurricanes, storms floods, washouts, arrests, the order of any court or government authority having jurisdiction while the same is in effect, civil disturbances, explosions, breakage, accidents to machinery, or lines of pipe, freezing of wells or lines of pipe, temporary failure of gas supply, inability to obtain or unavoidable delay in obtaining necessary gas supplies or material and equipment, and any other cause whether of the kind herein enumerated or otherwise beyond the control of the party claiming suspension.

**“GAS ACQUISITION COSTS”** is used herein to mean Costs Applicable less Taxes.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 126**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**"INDIVIDUALLY METERED SERVICE"** is used herein to mean service through a single meter for two or less dwelling units within a single building and appurtenant outbuildings.

**"INDUSTRIAL CUSTOMER"** is used herein to be a customer, whose facility at which service is received hereunder is engaged primarily in the processing or changing of raw or unfinished materials into another form or product. Sand and thermal energy plants are included within this term.

**"INTERRUPTIBLE"** as used herein refers to a character of service under applicable rate schedules or contracts which anticipate and permit interruption on three (3) hours, notice.

**"INTERRUPTIBLE MARGIN"** is used herein to mean net income from Rate Schedules ITS, LMS-LV, LMS-GS and IGS multiplied by a factor to reflect Revenue Taxes and Federal Income Taxes.

**"INTERRUPTIBLE USES OF GAS"** is used herein to mean uses which are subject to termination on notice by the Company as provided in the applicable rate schedule, and for which the customer has, or is capable of having, an alternate fuel capability.

**"MAJOR GROUP"** is used herein to mean the first two digits of the Federal North American Industry Classification System (NAICS) code, as defined for the Applicant at the time service is initiated.

**"MCF"** is used herein to designate one thousand (1,000) cubic feet of gas.

**"MONTH"** is used herein to designate the period between any two consecutive regularly scheduled meter readings for billing purposes.

**"NEW FACILITY"** is used herein to mean a newly constructed facility or a facility at which the Company is not currently supplying and has not supplied service under an applicable rate schedule during the preceding twelve (12) months.

**"OPERATING CONDITIONS"** is used herein to describe lack of sufficient gas supplies at the customer's location, lack of sufficient pressure at the customer's location, or similar operating conditions which will render the Company unable to offer service at a given level requested by the customer for a 12 month period.

**"OUT-OF-POCKET EXPENSES"** is used herein to mean any additional costs incurred by the Company relating to the initiation and rendering of service to a specific customer; such expense shall include, but not be limited to legal expense and travel expense.

**"PRICE TO COMPARE"** is used herein to mean for any Rate Schedule, the difference between the total charges to be paid by a Firm Sales Service customer under that Rate Schedule, and the total charges to be paid by a Firm Transportation Service customer under that same Rate Schedule.

**"PRIME MOVER"** is used herein to mean the engine, turbine, water wheel, or similar machine that drives an electric generator; or a device that converts energy to electricity directly (e.g., photovoltaic solar and fuel cells).

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 127**

**GENERAL TERMS AND CONDITIONS**

(Continued)

**“RESIDENCE”** is used herein to mean a location at which Residential gas consumption occurs.

**“RESIDENTIAL”** is used herein to mean Individually metered Service for Domestic Purposes. Provided, however, that if a customer receives individually metered service for both domestic and non-domestic purposes said service shall be deemed Commercial or Industrial, as is appropriate, if fifty (50) percent or more of gas volume consumption during any month is for other than domestic purposes.

**“REVENUE TAXES”** is used herein to mean all taxes applicable to revenues from the sale of natural gas. Revenue Taxes shall include, but not be limited to, New Jersey Sales and Use Tax, New Jersey Corporation Business Tax and Public Utility Assessment Taxes.

**“SALES SERVICE”** as used herein refers to a character of service offered to customers under applicable rate schedules or contracts pursuant to which the Company offers to sell the natural gas commodity.

**“SERVICE CONNECTIONS”** is used herein to designate the pipe which carries gas from the distribution or transmission main to the customer's meter.

**“STANDBY USES”** is used herein to mean the provision of gas service for use in an appliance or device for which gas supplied by the Company is not the primary fuel.

**“SUMMER SEASON”** is used herein to designate the period from April 1 through October 31 of each year.

**“TAXES”** is used herein to mean all taxes applicable to the sale of natural gas. "Taxes" shall include, but not be limited to, Gross Receipts and Franchise Taxes; Federal Income Taxes; and Public Utility Assessment Taxes.

**“THERM”** is used herein to designate a unit of heating value equivalent to 100,000 Btu (British Thermal Units).

Third Party Marketer Portal (the “Portal”) formally known as the Electronic Bulletin Board (“EBB”).

**“TOTAL HEATING VALUE”** is used herein to designate the number of British Thermal Units produced by the combustion in a recording calorimeter or chromograph, at constant pressure, of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of 60 degrees Fahrenheit if saturated with water vapor, and under an assumed absolute atmospheric pressure of 14.73 pounds per square inch with air of the same temperature and pressure as the gas when the products of combustion are cooled to the initial temperature of gas and air, and when the water formed by combustion is condensed to liquid state, corrected for a water vapor free basis.

**“TRANSPORTATION SERVICE”** as used herein refers to a character of service offered to customers under applicable rate schedules or contracts pursuant to which the Company offers to transport and deliver to a customer's facility or residence the natural gas commodity as to which the customer holds clear and marketable title.

**“WINTER SEASON”** is used herein to designate the period from November 1 through March 31 of each year.

**“YEAR”** is used herein to designate a period of twelve consecutive “months”.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

---

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 128**

**STANDARD GAS SERVICE AGREEMENT (GS)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and

\_\_\_\_\_,  
hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule GSG Firm Sales Service ☐, Rate Schedule GSG-LV Firm Sales Service ☐, Rate Schedule GSG Firm Transportation Service ☐, Rate Schedule GSG-LV Firm Transportation Service ☐, and Rate Schedule IGS ☐ at \_\_\_\_\_, as follows:

**ARTICLE I**

**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of services hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas as to Rate Schedules GSG Firm Sales Service; GSG-LV Firm Sales Service; and IGS, and subject to Seller's possession of adequate system capacity as to Rate Schedules GSG Firm Transportation Service and GSG-LV Firm Transportation Service, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term.

**ARTICLE II**

**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**

**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the Rate Schedule or Rate Schedules contracted for herein.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 129**

**STANDARD GAS SERVICE AGREEMENT (GS)**

(Continued)

**ARTICLE IV**  
**Service Volumes**

1. For service rendered under Rate Schedule GSG:  
For the purpose of providing criteria for the proration of available supplies, Buyer hereby indicates its Minimum and Maximum Capability of accepting GSG Service:
  - a. Minimum Capability \_\_\_\_\_ Mcf per day.
  - b. Maximum Capability \_\_\_\_\_ Mcf per day.
2. For service rendered under Rate Schedule IGS:  
For the purpose of providing criteria for the proration of available supplies, Buyer hereby indicates its Minimum and Maximum Capability of accepting IGS Service:
  - a. Minimum Capability \_\_\_\_\_ Mcf per day.
  - b. Maximum Capability \_\_\_\_\_ Mcf per day.

Customer certifies that its alternate fuel capability is \_\_\_\_\_.
3. For service rendered under Rate Schedule GSG-LV Firm Sales Service, Seller hereby agrees to sell and deliver to Buyer and Buyer agrees to pay for in accordance with the provisions of the Tariff a Contract Demand of \_\_\_\_\_ Mcf per day. This will serve as Buyer's initial Contract Demand. The Contract Demand may be adjusted by the Company from time to time, but no less than annually. The adjustments to the Contract Demand shall be based upon the Buyer's average daily usage for the month of highest usage during the preceding twelve month period, subject to normalization, if appropriate. The Buyer may then elect, in writing, a higher Contract Demand.
4. For service rendered under Rate Schedule GSG-LV Firm Transportation Service, the Company agrees to transport and deliver to the Buyer at the Buyer's facility designated on the first page of this Agreement such quantity of gas that Buyer makes available from time to time; provided, however, Company shall not be obligated to transport and deliver more than \_\_\_\_\_ Mcf per day which will be Buyer's Contract Demand.
5. It is understood by Buyer and Seller, that by electing to take delivery of gas under Rate Schedule GSG Firm Transportation Service or Rates Schedule GSG-LV Firm Transportation Service, Buyer forgoes any right or entitlement to purchase the Company's firm system gas, during the term of this Agreement. After the term of this Agreement, if Buyer requests that the Company sell firm system gas to the Buyer, the Buyer shall be treated as a new applicant for service, with no greater entitlement to firm gas sales service than is had by any other New Customer.
6. By checking the box at the end of this sentence, customer elects to take balancing service under Rider "I", rather than under Rider "J" . ☐
7. The customer's Daily Contract Quantity ("DCQ") will be established pursuant to the terms of Rider "J" to this Tariff. Under no circumstances shall the Company be obligated to deliver more than the customer's DCQ for the

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 130**

**STANDARD GAS SERVICE AGREEMENT (GS)**  
(Continued)

customer's account. Moreover, if the DCQ shall prove insufficient or excessive in any respect for the customer's needs, the Company shall not assume any responsibility or liability of any kind for such excess or insufficiency.

**ARTICLE V**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. 15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 131**

**STANDARD GAS SERVICE AGREEMENT (GS)**  
(Continued)

**ARTICLE VI**  
**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**ATTEST:**

\_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_

\_\_\_\_\_  
(Title)

**SELLER**

**ATTEST:**

\_\_\_\_\_  
(Name - Company)

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**BUYER**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 132**

**STANDARD GAS SERVICE AGREEMENT (LV)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_ hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule(s) \_\_\_\_\_ at \_\_\_\_\_ as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of services hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas as to Rate Schedules LVS and IGS, and subject to Seller's possession of adequate system capacity as to Rate Schedules LVS Firm Transportation Service, LVS Limited Firm Transportation and CTS shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulation of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the Rate Schedule or Rate Schedules contracted for herein.

\_\_\_\_\_  
Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 133**

**STANDARD GAS SERVICE AGREEMENT (LV)**

(Continued)

**ARTICLE IV**  
**Service Volumes**

1. For service rendered under Rate Schedule LVS, Firm Sales Service \_\_\_\_\_ Firm Transportation Service \_\_\_\_\_ or CTS \_\_\_\_\_ (check appropriate space):

Seller hereby agrees to sell and deliver to Buyer and Buyer agrees to pay for in accordance with provisions of the tariff a Contract Demand of \_\_\_\_\_ Mcf per day; provided, however, the Company shall not be obligated to transport and deliver more than Buyer's Contract Demand.

2. For service rendered under Rate Schedule LVS Limited Firm Sales Service \_\_\_\_\_ LVS Limited Firm Transportation Service \_\_\_\_\_ or CTS Limited Firm \_\_\_\_\_:

The Company agrees to transport and deliver to the Buyer at the Buyer's facility designated on the first page of this Agreement such quantity of gas that Buyer makes available from time to time; provided, however, Company shall not be obligated to transport and deliver more than \_\_\_\_\_ Mcf per day which will be Buyer's Limited Firm Contract Demand.

3. For service rendered under Rate Schedule IGS:  
For the purpose of providing criteria for the proration of available supplies, Buyer hereby indicates its minimum and maximum capability of accepting IGS Service:
- a. Minimum capability \_\_\_\_\_ Mcf per day.
  - b. Maximum capability \_\_\_\_\_ Mcf per day.

Customer certifies that its alternate fuel capability is \_\_\_\_\_.

**ARTICLE V**  
**Opt-Out Provision**

It is understood by Buyer and Seller, that by electing to take delivery of gas under Rate Schedules LVS Firm Transportation Service, LVS Limited Firm Transportation Service or CTS, Buyer forgoes any right or entitlement to purchase the Company's firm system gas, during the term of this Agreement. After the term of this Agreement, if Buyer requests that the Company sell firm system gas to the Buyer, the Buyer shall be treated as a new applicant for service, with no greater entitlement to firm gas sales service than is had by any other New Customer.

Buyer hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide its own interstate pipeline capacity and gas supply to Seller's

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 134**

**STANDARD GAS SERVICE AGREEMENT (LV)**

(Continued)

City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rate Schedule CTS or Rider "I" as applicable. If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rate Schedule CTS or Rider "I" as applicable. Buyer will be subject to the "opt-out" provision provided for in the Company's tariff.

\_\_\_\_\_  
Initials

**ARTICLE VI**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in the Company's Tariff For Gas Service, B.P.U.N.J. No. 15 - Gas. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE VII**  
**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

\_\_\_\_\_  
Issued  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 135**

**STANDARD GAS SERVICE AGREEMENT (LV)**  
(Continued)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**SOUTH JERSEY GAS COMPANY**

**ATTEST:**

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_

\_\_\_\_\_  
(Title)

**Seller**

**ATTEST:**

\_\_\_\_\_  
(Name - Company)

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**Buyer**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 136**

**STANDARD GAS SERVICE AGREEMENT (ITS)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Company" and \_\_\_\_\_ hereinafter referred to as "Customer."

**WITNESSETH**

WHEREAS, Company's Tariff for Gas Service contains a Rate Schedule designated as Interruptible Transportation Service (ITS); and

WHEREAS, Customer has arranged to have gas, to which Customer has clear and marketable title, made available for transportation service on the Company's system and the Customer has provided evidence of such title to the Company as required by the ITS Rate Schedule; and

WHEREAS, Customer has requested Company to transport said gas under Rate Schedule ITS, from Company's city gate station(s) located at \_\_\_\_\_

**ARTICLE I**  
**Term of Agreement**

NOW, THEREFORE, Company and Customer agree as follows:

This Agreement shall commence on \_\_\_\_\_ and be effective from the date hereof and continue for a term of (one month minimum term) and continue thereafter from month to month until terminated by either Company or Customer by written notice at least thirty (30) days prior to the beginning of any one month term.

**ARTICLE II**  
**Duly Constituted Authorities**

The Company's rates, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 137**

**STANDARD GAS SERVICE AGREEMENT (ITS)**

(Continued)

**ARTICLE III**

**Tariff For Gas Service**

All terms and conditions set forth in Company's Tariff for Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All services are subject to the General Terms and Conditions of Company's Tariff for Gas Service and more specifically the provisions set forth in the Interruptible Transportation Service (ITS) Rate Schedule.

**ARTICLE IV**

**Service Volumes**

The Company agrees to transport such quantity of gas that Customer makes available from time to time; provided, however, that Company shall not be obligated to transport and deliver more than \_\_\_\_\_DT per day, the Scheduled Daily Delivery.

**ARTICLE V**

**No Priority**

Customer and Company recognize and agree that the provision of service under Rate Schedule ITS by the Company shall not afford the Customer any benefit or priority of entitlement to service under any other rate schedule of the Company. Should the Customer apply for service under any other rate schedule of the Company, the Customer will be treated no differently from any other applicant for service similarly situated under similar conditions.

**ARTICLE VI**

**Alternate Fuel Capability**

Customer certifies that its alternate fuel capability is \_\_\_\_\_.

**ARTICLE VII**

**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 138**

**STANDARD GAS SERVICE AGREEMENT (ITS)**

(Continued)

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff for Gas Service, B.P.U.N.J. No. 15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party here-under relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve customer from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE VII**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto solely for the transportation of gas by the Company to the Customer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any further default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Customer without the Consent in writing of Company first obtained.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 139**

**STANDARD GAS SERVICE AGREEMENT (ITS)**  
(Continued)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**SOUTH JERSEY GAS COMPANY**

**ATTEST:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**Company**

\_\_\_\_\_  
(Name of Customer)

**ATTEST:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**Customer**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 140**

**STANDARD GAS SERVICE AGREEMENT (IGS)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_ hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule(s) \_\_\_\_\_ at \_\_\_\_\_, as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of gas hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other at least six (6) months prior to the end of any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the Rate Schedule contracted for herein.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 141**

**STANDARD GAS SERVICE AGREEMENT (IGS)**

(Continued)

**ARTICLE IV**  
**Service Volumes**

For service rendered under Rate Schedule IGS:

For the purpose of providing criteria for the proration of available supplies, Buyer hereby indicates its minimum and maximum capability of accepting IGS Service:

- a. Minimum capability \_\_\_\_\_ Mcf per day.
- b. Maximum capability \_\_\_\_\_ Mcf per day.

Customer certifies that the alternate fuel capability is \_\_\_\_\_.

**ARTICLE V**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. 15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 142**

**STANDARD GAS SERVICE AGREEMENT (IGS)**

(Continued)

**ARTICLE VI**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**SOUTH JERSEY GAS COMPANY**

**ATTEST:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**SELLER**

**ATTEST:**

\_\_\_\_\_

\_\_\_\_\_  
(Name - Company)

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**BUYER**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 143**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_, hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule EGS ☐; or Rate Schedule EGS-LV ☐: at \_\_\_\_\_ as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall be effective from the date of execution. The sale and purchase of gas hereunder shall commence on \_\_\_\_\_ and continue until \_\_\_\_\_, and subject to Seller's possession of an adequate supply of gas (except for Rate Schedule EGS-LV customers electing Rider "D" and Rate Schedule EGS Firm Transportation customers), shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term, or the initial term.

**ARTICLE II**  
**Facilities Charge**

In consideration for Seller's agreement to provide service as described in this agreement, Buyer agrees to pay a facilities charge of \$ \_\_\_\_\_, at the time of execution of Standard Gas Service Agreement (EGS), which represents the initial estimate of the capital cost of providing service to the Buyer's facility or some agreed upon portion thereof. This payment will be refunded or credited against the customer security deposit, after the first month of the provision of gas service to the customer. If the Buyer terminates this agreement or fails to initiate service hereunder, or fails to make any deposit required by Article III, this sum shall be retained by the Seller.

**ARTICLE III**  
**Commitment Fee**

Each potential payment obligation of Buyer under this Article III, shall be deposited with the Company twelve (12) months in advance, without interest, if gas service commences more than twelve (12) months from the effective date of this agreement, the Buyer shall pay to Seller, a nonrefundable commitment fee of \$ \_\_\_\_\_, which shall be equal to one month's minimum bill, and shall pay an equal amount on each anniversary date of the effective date of this Standard Gas Service Agreement (EGS), until gas service commences.

Pursuant to this Article III, Buyer hereby deposits with the Company, and the Company hereby acknowledges a deposit of \$ \_\_\_\_\_.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 144**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

(Continued)

**ARTICLE IV**

**Buyer Security Deposit**

Seller may require from Buyer a security deposit which will be due before the commencement of gas service. This deposit will be equal to the estimated amount of two (2) monthly billings for Buyers served under Rate Schedule EGS-LV and intending to utilize Rider D and for Rate Schedule EGS Firm Transportation customers and three (3) monthly billings for Buyers intending to utilize the Company's gas supply.

**ARTICLE V**

**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE VI**

**Tariff for Gas Service**

All terms and conditions set forth in Seller's Tariff for Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff for Gas Service and more specifically by the conditions contained in the Rate Schedule contracted for herein.

**ARTICLE VII**

**Service Volumes**

1. For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demands shall be:
  - a. Firm - \_\_\_\_\_ Mcf per day, to be the first gas through the meter each day.
  - b. Limited Firm - \_\_\_\_\_ Mcf per day, to be the next gas through the meter each day.
2. Buyer hereby elects, by signing in the space below to provide its own gas pursuant to Rider D. All or any portion of Buyer's Firm Daily Contract Demand and Limited Firm Daily Contract Demand, pursuant to this Article VII of the Standard Gas Service Agreement (EGS), may be met through Rider D, and Seller has no obligation to sell gas to Buyer under any other article, paragraph or provision of Rate Schedule EGS-LV or the Standard Gas Service Agreement (EGS).

Buyer hereby elects Rider D \_\_\_\_\_ .

For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demand levels provided pursuant to Rider D shall be:

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 145**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

(Continued)

- a. Firm - \_\_\_\_\_ Mcf per day.
- b. Limited Firm - \_\_\_\_\_ Mcf per day.
3. For service rendered under Rate Schedule EGS, customer's Firm Daily Contract Demand shall be:  
\_\_\_\_\_ Mcf per day, to be the first gas through the meter each day.
4. For service rendered under Rate Schedule EGS Firm Transportation Service:  
The Company agrees to transport and deliver to the Buyer at the Buyer's facility designated on the first page of this Agreement such quantity of gas that Buyer makes available from time to time; provided, however, Company shall not be obligated to transport and deliver more than \_\_\_\_\_ Mcf per day which will be Buyer's Contract Demand.

It is understood by Buyer and Seller, that by electing to take delivery of gas under Rate Schedule EGS Firm Transportation Service, Buyer forgoes any right or entitlement to purchase the Company's firm system gas, during the term of this Agreement. After the term of this Agreement, if Buyer requests that the Company sell firm system gas to the Buyer, the Buyer shall be treated as a new applicant for service, with no greater entitlement to firm gas sales service than is had by any other New Customer.

**ARTICLE VIII**

**Rates**

As provided in the Monthly Rate section of Rate Schedule EGS or EGS-LV; or

Negotiated rates pursuant to Special Provision (e) of Rate Schedule EGS-LV:

D-1 charge will be \_\_\_\_\_.

Limited Firm:

C-3 charge will be \_\_\_\_\_. **ALL CUSTOMERS MUST COMPLETE.**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 146**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

(Continued)

**ARTICLE IX**

**Election**

By checking the box at the end of this sentence, customer elects to take balancing service under Rider "I", rather than under Rider "J" to this Tariff. ☐

**ARTICLE X**

**Opt-Out Provision**

Buyer (a Rate Schedule EGS-LV customer) hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide its own interstate pipeline capacity and gas supply to Seller's City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rider "I". If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rider "I". Buyer will be subject to the opt-out provisions provided for in the Company's tariff.

\_\_\_\_\_  
Initials

**ARTICLE XI**

**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff for Gas Service, B.P.U.N.J. No. 15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE XII**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

\_\_\_\_\_  
Issued  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 147**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

(Continued)

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**SOUTH JERSEY GAS COMPANY**

**ATTEST:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**SELLER**

**ATTEST:**

\_\_\_\_\_

\_\_\_\_\_  
(Name - Company)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**BUYER**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 148**

**STANDARD GAS SERVICE AGREEMENT (FES)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_ and hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule FES \_\_\_\_\_ at \_\_\_\_\_, which is Buyer's FES Facility, as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of gas hereunder shall continue until \_\_\_\_\_, and subject to Seller's possession of an adequate supply of gas, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of the initial term or any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulation of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the rate schedules contracted for herein.

**ARTICLE IV**  
**Service Volumes**

**Firm:**

Seller hereby agrees to sell and deliver to Buyer and Buyer agrees to pay for in accordance with provisions of the tariff:

- (1) a Winter Daily Contract Demand of \_\_\_\_\_ Mcf per day;
- (2) a Summer Daily Contract Demand of \_\_\_\_\_ MCF per day.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 149**

**STANDARD GAS SERVICE AGREEMENT (FES)**

(Continued)

**Billing Determinants:**

(1) Customer shall have a Annual Billing Determinant ("ABD") of \_\_\_\_\_ MCF .

(2) Customer shall have a Daily Billing Determinant of \_\_\_\_\_ MCF . (ABD/365)

**ARTICLE V**

**Rates**

Negotiated rates pursuant to Special Provision (j) of the Rate Schedule FES are as follows:

Winter Rates:

D-1 Charge will be \_\_\_\_\_.

C-3 Charge will be \_\_\_\_\_.

Summer Rates:

D-1 Charge will be \_\_\_\_\_.

C-3 Charge will be \_\_\_\_\_.

**ARTICLE VI**

**Winter Season Interruption**

Buyer and Seller agree that Buyer's service under Rate Schedule FES may be partially or totally interrupted on \_\_\_\_ days during a Winter Season pursuant to Special Provision (r) of Rate Schedule FES

**ARTICLE VII**

**Customer Owned Gas**

Customer has requested Company to deliver said gas under Rate Schedule FES, Rider "D" from Company's city gate station(s) located at

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 150**

**STANDARD GAS SERVICE AGREEMENT (FES)**

(Continued)

The Company agrees to deliver such quantity of gas that Customer makes available from time to time: provided, however, Company shall not be obligated on a daily basis to deliver more than customer's Winter Daily Contract Demand or Summer Daily Contract Demand for the then applicable season.

**ARTICLE VIII**

**Opt-Out Provision**

Buyer (a Rate Schedule FES customer) hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide its own interstate pipeline capacity and gas supply to Seller's City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rider "I". If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rider "I". Buyer will be subject to the opt-out provisions provided for in the Company's tariff.

\_\_\_\_\_  
Initials

**ARTICLE IX**

**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. 15- Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE X**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements for firm service, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

\_\_\_\_\_  
Issued  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 151**

**STANDARD GAS SERVICE AGREEMENT (FES)**

(Continued)

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**ATTEST:**

\_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**SELLER**

**ATTEST:**

\_\_\_\_\_

\_\_\_\_\_  
(Name - Company)

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**BUYER**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 152**

**STANDARD GAS SERVICE AGREEMENT (NGV)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_,

hereinafter referred to as "Buyer" or "Customer".

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule Natural Gas Vehicle (NGV) Firm Sales Service

☐ Rate Schedule Natural Gas Vehicle (NGV) Firm Transportation Service ☐

at \_\_\_\_\_, as follows:

**ARTICLE I**

**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of services hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas as to Firm Sales Service; and subject to Seller's possession of adequate system capacity as to Firm Transportation Service, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term.

**ARTICLE II**

**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**

**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. 15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in Rate Schedule Natural Gas Vehicle (NGV).

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 153**

**STANDARD GAS SERVICE AGREEMENT (NGV)**  
(Continued)

**ARTICLE IV**  
**Service Volumes**

1. By checking the box at the end of this sentence, customer elects to take balancing service under Rider "T", rather than under Rider "J" . ☐
2. The customer's Daily Contract Quantity ("DCQ") will be established pursuant to the terms of Rider "J" to this Tariff. Under no circumstances shall the Company be obligated to deliver more than the customer's DCQ for the customer's account. Moreover, if the DCQ shall prove insufficient or excessive in any respect for the customer's needs, the Company shall not assume any responsibility or liability of any kind for such excess or insufficiency.
3. For service rendered under Rate Schedule NGV for compressed natural gas vehicle service at Company owned stations, by checking the box at the end of this sentence ☐.
  - a. Minimum Capability \_\_\_\_\_ MCF per day.
  - b. Maximum Capability \_\_\_\_\_ MCF per day.
4. By checking the box at the end of this sentence and for the appropriate maximum delivery capability for service rendered under Rate Schedule NGV for compressed natural gas vehicle service at customer operated fueling stations ☐.
  - a. Maximum delivery capability 0 – 999 CFH ☐.
  - b. Maximum delivery capability 1,000 – 4,999 CFH ☐.
  - c. Maximum delivery capability 5,000 – 24,999 CFH ☐.
  - d. Maximum delivery capability 25,000 or greater CFH ☐.

**ARTICLE V**  
**Facilities Charge**

By checking the box at the end of this sentence, Customer elects to have the Company Construct CNG fueling facilities located on customer's property, pursuant to Special Provision (b) of Rate Schedule NGV ☐.

As such, the following Facilities Charge shall apply:

C-2: \$0.294445 (\$0.368056 GGE)  
MACF \$ \_\_\_\_\_ (\$ \_\_\_\_\_ GGE)

**ARTICLE VI**  
**O&M Charges**

By checking the box at the end of this sentence, Customer elects to have Company operate and maintain the CNG fueling facilities located on Customer's property, pursuant to Special Provision (c) of Rate Schedule NGV ☐. The costs associated with all operation and/or maintenance of the CNG fueling facilities located on Customer's property by the Company shall be charged to Customer as a pass through of all actual costs incurred by the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 154**

**STANDARD GAS SERVICE AGREEMENT (NGV)**  
(Continued)

**ARTICLE VII**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. 15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 155**

**STANDARD GAS SERVICE AGREEMENT (NGV)**

(Continued)

**ARTICLE VIII**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**SOUTH JERSEY GAS COMPANY**

**ATTEST:**

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**SELLER**

**ATTEST:**

\_\_\_\_\_  
(Name - Company)

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**BUYER/CUSTOMER**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 156

AGREEMENT NO. :

AGGREGATOR/MARKETER'S AGREEMENT (A/M)

This Aggregator/Marketer (A/M) Agreement ("A/M Agreement") entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey corporation, sometimes hereinafter referred to as "Seller", "South Jersey" or the "Company" and \_\_\_\_\_, a \_\_\_\_\_ corporation whose principal place of business is located at \_\_\_\_\_, and who transacts business as an Aggregator of gas or as a Marketer of gas, sometimes collectively hereinafter referred to as "Aggregator/Marketer". South Jersey and the Aggregator/Marketer are parties to this Agreement, and are sometimes hereinafter referred to as "Parties."

WHEREAS, South Jersey is a regulated public utility of the State of New Jersey under the jurisdiction of the New Jersey Board of Public Utilities (the "Board"), and is engaged in the sale, distribution and transportation of gas in intrastate commerce within said State; and

WHEREAS, the Aggregator/Marketer has arranged for the delivery of gas to a City Gate Station of South Jersey, on behalf of certain customers ("Customers") identified on Appendix A to this A/M Agreement. A customer group is defined as either a group of customers served under a single Rate Schedule or a group of customers served pursuant to Rider "I" Balancing Service Clause - Large Volume; and

WHEREAS, each Customer Group will consist of Customers served pursuant to a single Rate Schedule of the South Jersey's Board approved Tariff for Gas Service, B.P.U.N.J. No. 15 - Gas ("Tariff for Gas Service") and will be designated on Appendix A by reference to that Rate Schedule;

WHEREAS, the Customers who constitute the members of the Customer Groups have requested that South Jersey transport gas for the Customers on an aggregated basis, as part of said Customer Groups; and

WHEREAS, the Company has agreed to perform such transportation of gas, subject to the terms of this A/M Agreement.

NOW, THEREFORE, the Parties, intending to be legally bound hereby, in exchange for the mutual promises contained herein; agree as follows:

1. **Term.** The term of this A/M Agreement shall be one year from the date of this A/M Agreement, and shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other at least thirty (30) days prior to the effective date of any termination.

2. **Aggregation.** Attached hereto as Appendix A is a list of those Customers comprising the initial Customer Groups pursuant to the terms of this A/M Agreement, if such groups exist. On or before the tenth (10th) day of each calendar month, the Aggregator/Marketer shall provide the Company with a revised Appendix A in which the Aggregator/Marketer will designate those Customers who will be members of the Customer Groups for the immediately following calendar month. This list will be furnished on a preliminary basis. The Company may then advise the Aggregator/Marketer of any members of the Customer Groups who have been removed from the Customer Groups for cause pursuant to the terms of this A/M Agreement, as well as any Customers who have advised the Company that they have "opted out" of

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 157

AGGREGATOR/MARKETER'S AGREEMENT (A/M)

(Continued)

the Customer Groups. On or before the twentieth (20th) day of said calendar month, the Aggregator/Marketer will provide the Company with a final Appendix A for the immediately following calendar month. Then all of the volumes transported for that Customer Group under the terms of this A/M Agreement shall be aggregated as to that single customer Group for the purposes of Rider "I", the Balancing Service Clause - Large Volume, of the Tariff for Gas Service, or Rider "J", the Balancing Service Clause - General Service of the Tariff for Gas Service.

3. **Liability for Tariff Charges.** Each month, South Jersey will render an invoice to the Aggregator/Marketer for tariff charges pursuant to Rider "I" or Rider "J" to the Tariff for Gas Service on an aggregated basis for the Customer Group, as well as for the monthly Aggregator/Marketer's Fee, but excluding the BS-1 Volumetric Charges. This invoice shall be payable pursuant to the applicable Terms of Payment provisions of the applicable rider of South Jersey's Tariff for Gas Service. The Aggregator/Marketer shall be responsible for the payment of all charges pursuant to this paragraph. South Jersey will invoice the customer directly for charges for transportation pursuant to the applicable Rate Schedule, and for the BS-1 Volumetric Charges.

4. RESERVED FOR FUTURE USE

5. **Aggregator's/Marketer's Fee.** The monthly fee for the provision of aggregation services by the Company and for access by the Aggregator/Marketer to the Third Party Marketer Portal (the "Portal") will be One Hundred Dollars (\$100.00) ("Aggregator/Marketer's Fee") per Aggregator/Marketer. In addition, the Company may provide additional services to the Aggregator/Marketer at an agreed upon charge or charges. Such charge or charges shall be included on the invoice for the monthly fee. Such charge or charges may include both a POR Fee and a Bill Presentation and Mailing Fee per bill per month negotiated by South Jersey and the Aggregator/Marketer, for South Jersey to invoice the customer for the natural gas commodity.

6. **Removal for Cause.** All members of a Customer Group must qualify for service under Rate Schedule of the Seller's Tariff for Gas Service applicable to the Customer Group, and aggregation pursuant to this A/M Agreement will be performed only for Customers within a single Customer Group. If South Jersey determines that a Customer no longer qualifies for service under the Rate Schedule applicable to the appropriate Customer Group, it shall remove that Customer from the Customer Group, and such action shall be Removal for Cause.

Removal for Cause shall also be permitted: (1) if any Customer fails to meet any financial obligation imposed by this A/M Agreement or by the Tariff for Gas Service or violates the terms of any Operational Flow Order issued pursuant to said Tariff for Gas Service; or (2) conducts business with the Seller in a manner which jeopardizes South Jersey's ability to serve customers of equal or higher priority to the Customer under N.J.A.C. 14:29-3.2(a), irrespective of whether N.J.A.C. 14:29-3.2(a) is actually invoked; or (3) pursues any other conduct detrimental to the Company's system integrity.

If Removal for Cause is invoked by the Company, it shall be done upon at least twenty-four hours notice, orally or in writing, which notice shall specify the effective date and reasons for such removal. Removal for cause shall not relieve the Customer of any responsibility or liability incurred before the effective date of the Removal for Cause.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 158

AGGREGATOR/MARKETER'S AGREEMENT (A/M)

(Continued)

7. **Customer Opt Out.** Any member of a Customer Group may elect to opt out of the Customer Group. Notice of such election must be provided to the Company, orally or in writing, on or before the tenth day of the calendar month during which such election shall be effective. The election to opt out of the Customer Group shall be effective until the end of the term of this A/M Agreement. Provided, however, that the election to opt out of the Customer Group shall not relieve the Customer of any responsibility or liability incurred under this A/M Agreement, the Tariff for Gas Service, or otherwise, for periods of time prior to the time that such election became effective.

8. **Provision of Data.** In order for South Jersey to provide gas consumption history and billing data relative to a member of a Customer Group such member must authorize South Jersey to provide to the Aggregator/Marketer, such data upon a form entitled "Authorization to Release Account Information".

9. **Computer Capability.** Aggregator/Marketer agrees that throughout the Term of this A/M Agreement, Aggregator/Marketer will maintain computer capability necessary to access the Portal.

10. **Aggregator/Marketer Creditworthiness Standards.** As a condition precedent to this A/M Agreement, the Aggregator/Marketer must meet creditworthiness standards acceptable to the Seller, throughout the Term of this A/M Agreement. In addition, upon the execution of this A/M Agreement, and thereafter, the Company may perform an evaluation of the Customer's creditworthiness. If South Jersey, at any time, deems that Aggregator/Marketer has not met Seller's creditworthiness standards, the Company may require that the Aggregator/Marketer post a cash deposit, letter of credit, performance bond or similar credit facility or other collateral, satisfactory to South Jersey as a condition precedent to this A/M Agreement. In order to assist South Jersey in making its determinations, Aggregator/Marketer agrees to supply such information as the Company will reasonably require to make creditworthiness determinations. Should the Aggregator/Marketer fail to provide such information, Seller may refuse to proceed or continue with this A/M Agreement.

11. **Termination for Conduct of Aggregator/Marketer.** South Jersey may terminate this A/M Agreement if the Aggregator/Marketer engages in certain prohibited conduct ("Prohibited Conduct"). The Prohibited Conduct shall include: (1) the failure to meet any financial obligation imposed by this A/M Agreement, or by the Tariff for Gas Service; (2) the conduct of business with the Seller which jeopardizes South Jersey's ability to serve customers of equal or higher priority to the members of the Customer Group under N.J.A.C. 14:29-3.2(a), irrespective of whether N.J.A.C. 14:29-3.2(a) is actually invoked; (3) the pursuit of any other conduct detrimental to the Company's system integrity; (4) failure of the Aggregator/Marketer to comply with South Jersey's "Transportation Operating Procedures and Protocols"; or (5) failure to comply with the Company's Tariff for Gas Service.

At least twenty-four hours notice of termination for Prohibited Conduct shall be given by the Company to the Aggregator/Marketer and the Customer Group, orally or in writing. Such notice shall specify the effective date of termination and the Prohibited Conduct which is the basis of termination. Termination for Prohibited Conduct shall not relieve the Aggregator/Marketer or members of the Customer Group of any responsibility or liability incurred prior to the effective date of the termination for Prohibited Conduct.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 – GAS

Original Sheet No. 159

AGGREGATOR/MARKETER'S AGREEMENT (A/M)

(Continued)

12. **Force Majeure.** In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other parties within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period. Such cause shall so far as possible be remedied with all reasonable dispatch.

No party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in the Company's Tariff for Gas Service.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve the Aggregator/Marketer, Customer or Customer Group from their obligations to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

13. **No Agency.** South Jersey will in no respect be deemed to be either the Aggregator's/Marketer's agent or representative nor any Customer's nor the Customer Group's agent or representative, for any purposes, and South Jersey shall not be responsible for making or carrying out any contracts or agreements for or related to this A/M Agreement on behalf of the Aggregator/Marketer, or of a Customer or Customer Group.

14. **Hold Harmless.** Aggregator/Marketer and Customers agree to hold South Jersey harmless and indemnify Seller, its officers and directors, from any cost, disbursement, charge or liability (including attorneys' fees), or any claims, suits, judgments, demands, actions or liability, arising directly or indirectly from Aggregator/Marketer's acts or omissions under this A/M Agreement or from the use of the Company's system by Aggregator/Marketer or a Customer or the Customer Group.

15. **Law to Govern and Forum.** This A/M Agreement shall be interpreted in accordance with the laws of the State of New Jersey. Any dispute arising under this A/M Agreement shall be subject to the jurisdiction of the Superior Courts of the State of New Jersey or federal courts within the State of New Jersey. South Jersey and Aggregator/Marketer agree that the Superior Courts of the State of New Jersey have personal jurisdiction over the parties and subject matter jurisdiction of this A/M Agreement. Moreover, South Jersey and Aggregator/Marketer agree that as to actions in the Superior Court, venue is appropriate in Atlantic County New Jersey.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 160**

**AGGREGATOR/MARKETER'S AGREEMENT (A/M)**

(Continued)

16. **Binding Effect.** This A/M Agreement shall be binding upon the parties hereto, and their agents, successors and assigns.

17. **No Modification.** This A/M Agreement supersedes and cancels any other agreement dealing with the same subject matter. This A/M Agreement may not be modified, altered, or amended except by a written agreement, signed by the parties hereto.

18. **No Assignment.** This A/M Agreement shall not be assigned or be assignable by the Aggregator/Marketer or a Customer or Customers without the consent in writing of the Company first obtained.

19. **Marketer Standards.** Notwithstanding any other requirements of this A/M Agreement, in order to operate as a Aggregator/Marketer on the Company's system, an Aggregator/Marketer must comply with all Board approved Marketer Standards.

SOUTH JERSEY GAS COMPANY

ATTEST:

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**SELLER/COMPANY**

ATTEST:

(NAME OF AGGREGATOR/MARKETER)

\_\_\_\_\_

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

**AGGREGATOR/MARKETER**

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 161**

**AGGREGATOR/MARKETER'S AGREEMENT (A/M)**

(Continued)

**APPENDIX A**

This Appendix A is incorporated in and made part of that certain A/M Agreement dated \_\_\_\_\_ , Agreement No. \_\_\_\_\_ , to which it is appended, and the same Agreement is incorporated into this Appendix A and made a part of this Appendix A. This Appendix A is dated \_\_\_\_\_ .

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
(Name of Customer)

\_\_\_\_\_  
(Customer Account Number)

\_\_\_\_\_  
Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

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

Page 1

| <b>RESIDENTIAL GAS SERVICE (RSG) - NONHEAT CUSTOMER</b>                              |              |                 |                     |                    |
|--------------------------------------------------------------------------------------|--------------|-----------------|---------------------|--------------------|
|                                                                                      | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| <b><u>CUSTOMER CHARGE</u></b>                                                        |              | 13.000000       | 0.861250            | <b>13.861250</b>   |
| <b><u>DISTRIBUTION CHARGE (per therm):</u></b>                                       |              | 1.051470        | 0.069660            | <b>1.121130</b>    |
| <b><u>CONSOLIDATED ADJUSTMENT CHARGE (per therm):</u></b>                            |              |                 |                     |                    |
| IIP                                                                                  | B            | 0.021494        | 0.001424            | 0.022918           |
| TIC                                                                                  | C            | 0.000937        | 0.000062            | 0.000999           |
| SBC:                                                                                 |              |                 |                     |                    |
| RAC                                                                                  | E, G         | 0.061162        | 0.004052            | 0.065214           |
| CLEP                                                                                 | E, K         | 0.039198        | 0.002597            | 0.041795           |
| USF                                                                                  | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC                                                                            |              | 0.124860        | 0.008349            | 0.133209           |
| CIP                                                                                  | M            | 0.015703        | 0.001040            | 0.016743           |
| EET                                                                                  | N            | 0.055746        | 0.003693            | 0.059439           |
| Balancing Service Charge BS-1                                                        | J            | 0.064322        | 0.004261            | 0.068583           |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only) | J            |                 |                     | Rate Set Monthly   |
| <b>Total Consolidated Adjustment Charge</b>                                          |              | 0.283062        | 0.018829            | <b>0.301891</b>    |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                             | A            | 0.372009        | 0.024646            | <b>0.396655</b>    |

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

Page 2

| <b>RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER</b>                                 |                     |                    |                            |                           |
|--------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                                      | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>CUSTOMER CHARGE</u></b>                                                        |                     | 13.000000          | 0.861250                   | <b>13.861250</b>          |
| <b><u>DISTRIBUTION CHARGE (per therm):</u></b>                                       |                     | 1.051470           | 0.069660                   | <b>1.121130</b>           |
| <b><u>CONSOLIDATED ADJUSTMENT CHARGE (per therm):</u></b>                            |                     |                    |                            |                           |
| IIP                                                                                  | B                   | 0.021494           | 0.001424                   | 0.022918                  |
| TIC                                                                                  | C                   | 0.000937           | 0.000062                   | 0.000999                  |
| SBC:                                                                                 |                     |                    |                            |                           |
| RAC                                                                                  | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                 | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                  | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                            |                     | 0.124860           | 0.008349                   | 0.133209                  |
| CIP                                                                                  | M                   | 0.120386           | 0.007976                   | 0.128362                  |
| EET                                                                                  | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Balancing Service Charge BS-1                                                        | J                   | 0.064322           | 0.004261                   | 0.068583                  |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only) | J                   |                    |                            | Rate Set Monthly          |
| <b>Total Consolidated Adjustment Charge</b>                                          |                     | 0.387745           | 0.025765                   | <b>0.413510</b>           |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                             | A                   | 0.372009           | 0.024646                   | <b>0.396655</b>           |

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

Page 3

| <b>GENERAL SERVICE (GSG)</b>                                                                    |              |                 |                     |                         |
|-------------------------------------------------------------------------------------------------|--------------|-----------------|---------------------|-------------------------|
|                                                                                                 | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>      |
| <b><u>CUSTOMER CHARGE</u></b>                                                                   |              | 49.500000       | 3.279375            | <b>52.779375</b>        |
| <b><u>DISTRIBUTION CHARGE (per therm):</u></b>                                                  |              | 0.850979        | 0.056377            | <b>0.907356</b>         |
| <b><u>CONSOLIDATED ADJUSTMENT CHARGE (per therm):</u></b>                                       |              |                 |                     |                         |
| IIP                                                                                             | B            | 0.017131        | 0.001135            | 0.018266                |
| TIC                                                                                             | C            | 0.000937        | 0.000062            | 0.000999                |
| SBC:                                                                                            |              |                 |                     |                         |
| RAC                                                                                             | E, G         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                            | E, K         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                             | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC                                                                                       |              | 0.124860        | 0.008349            | 0.133209                |
| CIP                                                                                             | M            | 0.072096        | 0.004776            | 0.076872                |
| EET                                                                                             | N            | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Consolidated Adjustment Charge</b>                                                     |              | 0.270770        | 0.018015            | <b>0.288785</b>         |
| Balancing Service Charge BS-1                                                                   | J            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)            | J            |                 |                     | Rate Set Monthly        |
| <b><u>BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)</u></b>  | A            | 0.372009        | 0.024646            | <b>0.396655</b>         |
| <b><u>BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)</u></b> | A            |                 |                     | <b>RATE SET MONTHLY</b> |

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

Page 4

| <b>GENERAL SERVICE-LV (GSG-LV)</b>                                                   |              |                 |                     |                         |
|--------------------------------------------------------------------------------------|--------------|-----------------|---------------------|-------------------------|
|                                                                                      | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>      |
| <b><u>CUSTOMER CHARGE</u></b>                                                        |              | 320.000000      | 21.200000           | <b>341.200000</b>       |
| <b><u>D-1 Demand Charge (Mcf)</u></b>                                                |              | 13.500000       | 0.894375            | <b>14.394375</b>        |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                           |              |                 |                     |                         |
| Base Rate                                                                            |              | 0.449318        | 0.029767            | 0.479085                |
| IIP                                                                                  | B            | 0.009657        | 0.000640            | 0.010297                |
| TIC                                                                                  | C            | 0.000937        | 0.000062            | 0.000999                |
| SBC:                                                                                 |              |                 |                     |                         |
| RAC                                                                                  | E, G         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                 | E, K         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                  | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC                                                                            |              | 0.124860        | 0.008349            | 0.133209                |
| CIP                                                                                  | M            | 0.045270        | 0.002999            | 0.048269                |
| EET                                                                                  | N            | 0.055746        | 0.003693            | 0.059439                |
| Balancing Service Charge BS-1                                                        | J            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only) | J            |                 |                     | Rate Set Monthly        |
| <b>Total Delivery Charge</b>                                                         |              | 0.750110        | 0.049771            | <b>0.799881</b>         |
| <b><u>BGSS: (Applicable Sales Customers Only)</u></b>                                | A            |                 |                     | <b>RATE SET MONTHLY</b> |

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

Page 5

| <b>COMPREHENSIVE TRANSPORTATION SERVICE (CTS)</b> |              |                 |                     |                     |
|---------------------------------------------------|--------------|-----------------|---------------------|---------------------|
|                                                   | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>  |
| <b>FIRM</b>                                       |              |                 |                     |                     |
| <b><u>CUSTOMER CHARGE</u></b>                     |              | 1,025.000000    | 67.906250           | <b>1,092.906250</b> |
| <b><u>D-1 Demand Charge (Mcf)</u></b>             |              | 42.500000       | 2.815625            | <b>45.315625</b>    |
| <b><u>DELIVERY CHARGE (per therm):</u></b>        |              |                 |                     |                     |
| Base Rate                                         |              | 0.101702        | 0.006738            | 0.108440            |
| IIP                                               | B            | 0.005974        | 0.000396            | 0.006370            |
| SBC:                                              |              |                 |                     |                     |
| RAC                                               | E, G         | 0.061162        | 0.004052            | 0.065214            |
| CLEP                                              | E, K         | 0.039198        | 0.002597            | 0.041795            |
| USF                                               | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>     |
| Total SBC                                         |              | 0.124860        | 0.008349            | 0.133209            |
| EET                                               | N            | 0.055746        | 0.003693            | 0.059439            |
| <b>Total Delivery Charge</b>                      |              | 0.288282        | 0.019176            | <b>0.307458</b>     |
| Balancing Service Charge BS-1                     | I            | 0.064322        | 0.004261            | 0.068583            |
| Balancing Service Charge BS-1 (Opt Out Provision) | I            | 0.002276        | 0.000151            | 0.002427            |
| BUY-OUT PRICE                                     |              |                 |                     | RATE SET MONTHLY    |
| <b>LIMITED FIRM</b>                               |              |                 |                     |                     |
| <b><u>CUSTOMER CHARGE</u></b>                     |              | 575.000000      | 38.093750           | <b>613.093750</b>   |
| <b><u>DELIVERY CHARGE (per therm):</u></b>        |              |                 |                     |                     |
| Base Rate                                         |              | 0.058400        | 0.003900            | 0.062300            |
| SBC:                                              |              |                 |                     |                     |
| RAC                                               | E, G         | 0.061162        | 0.004052            | 0.065214            |
| CLEP                                              | E, K         | 0.039198        | 0.002597            | 0.041795            |
| USF                                               | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>     |
| Total SBC                                         |              | 0.124860        | 0.008349            | 0.133209            |
| EET                                               | N            | 0.055746        | 0.003693            | 0.059439            |
| <b>Total Delivery Charge</b>                      |              | 0.239006        | 0.015942            | <b>0.254948</b>     |
| Balancing Service Charge BS-1                     | I            | 0.064322        | 0.004261            | 0.068583            |
| Balancing Service Charge BS-1 (Opt Out Provision) | I            | 0.002276        | 0.000151            | 0.002427            |
| BUY-OUT PRICE                                     |              |                 |                     | RATE SET MONTHLY    |

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

Page 6

| <b><u>LARGE VOLUME SERVICE (LVS)</u></b>                                                        |                     |                    |                            |                           |
|-------------------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                                                 | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>FIRM</u></b>                                                                              |                     |                    |                            |                           |
| <b><u>CUSTOMER CHARGE</u></b>                                                                   |                     | 1,425.000000       | 94.406250                  | <b>1,519.406250</b>       |
| <b><u>D-1 Demand Charge (Mcf)</u></b>                                                           |                     | 24.750000          | 1.639688                   | <b>26.389688</b>          |
| <b><u>D-2 DEMAND BGSS(Applicable to Sales Customers Only)</u></b>                               | A                   | 15.469649          | 1.024864                   | <b>16.494513</b>          |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                      |                     |                    |                            |                           |
| Base Rate                                                                                       |                     | 0.072664           | 0.004814                   | 0.077478                  |
| IIP                                                                                             | B                   | 0.003113           | 0.000206                   | 0.003319                  |
| SBC:                                                                                            |                     |                    |                            |                           |
| RAC                                                                                             | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                            | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                             | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                                       |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                                             | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| <b>Total Delivery Charge</b>                                                                    |                     | 0.256383           | 0.017062                   | <b>0.273445</b>           |
| Balancing Service Charge BS-1                                                                   | I                   | 0.064322           | 0.004261                   | 0.068583                  |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only) | I                   | 0.002276           | 0.000151                   | 0.002427                  |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable Transportation Customers Only)    | I                   |                    |                            | RATE SET MONTHLY          |
| <b><u>BGSS: (Applicable Sales Customers Only)</u></b>                                           | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |
| <b><u>LIMITED FIRM</u></b>                                                                      |                     |                    |                            |                           |
| <b><u>CUSTOMER CHARGE</u></b>                                                                   |                     | 575.000000         | 38.093750                  | <b>613.093750</b>         |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                      |                     |                    |                            |                           |
| Base Rate                                                                                       |                     | 0.177488           | 0.011759                   | 0.189247                  |
| IIP                                                                                             | B                   | 0.003113           | 0.000206                   | 0.003319                  |
| SBC:                                                                                            |                     |                    |                            |                           |
| RAC                                                                                             | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                            | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                             | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                                       |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                                             | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| <b>Total Delivery Charge</b>                                                                    |                     | 0.361207           | 0.024007                   | <b>0.385214</b>           |
| Balancing Service Charge BS-1                                                                   | I                   | 0.064322           | 0.004261                   | 0.068583                  |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only) | I                   | 0.002276           | 0.000151                   | 0.002427                  |
| BUY-OUT PRICE                                                                                   | I                   |                    |                            | RATE SET MONTHLY          |

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

Page 7

| <b>FIRM ELECTRIC SALES (FES)</b>                                                                    |                     |                    |                            |                           |
|-----------------------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                                                     | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>WINTER</u></b>                                                                                |                     |                    |                            |                           |
| <b><u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u></b>              |                     | 2.897200           | 0.191900                   | <b>3.089100</b>           |
| <b><u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u></b>                             | A                   | 7.734825           | 0.512432                   | <b>8.247257</b>           |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                          |                     |                    |                            |                           |
| SBC:                                                                                                |                     |                    |                            |                           |
| RAC                                                                                                 | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                                | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                                 | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                                           |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                                                 | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Total Delivery Charge                                                                               |                     | 0.180606           | 0.012042                   | <b>0.192648</b>           |
| <b><u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u></b>                |                     | 0.162900           | 0.010800                   | <b>0.173700</b>           |
| <b><u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u></b>           |                     |                    |                            | <b>RATE SET MONTHLY</b>   |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I                   |                    |                            | RATE SET MONTHLY          |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                                            | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |
| <b><u>SUMMER</u></b>                                                                                |                     |                    |                            |                           |
| <b><u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u></b>              |                     | 2.897200           | 0.191900                   | <b>3.089100</b>           |
| <b><u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u></b>                             | A                   | 7.734825           | 0.512432                   | <b>8.247257</b>           |
| SBC:                                                                                                |                     |                    |                            |                           |
| RAC                                                                                                 | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                                | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                                 | E                   | 0.024500           | 0.001700                   | 0.026200                  |
| EET                                                                                                 | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Total Delivery Charge                                                                               |                     | 0.180606           | 0.012042                   | <b>0.192648</b>           |
| <b><u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u></b>                |                     | 0.162900           | 0.010800                   | <b>0.173700</b>           |
| <b><u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u></b>           |                     |                    |                            | <b>RATE SET MONTHLY</b>   |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I                   |                    |                            | RATE SET MONTHLY          |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                                            | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |



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

Page 8

| <u>ELECTRIC GENERATION SERVICE (EGS) - RESIDENTIAL</u>   |              |                 |                     |                    |
|----------------------------------------------------------|--------------|-----------------|---------------------|--------------------|
|                                                          | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| <b><u>CUSTOMER CHARGE</u></b>                            |              | 13.000000       | 0.861250            | <b>13.861250</b>   |
| <b><u>DELIVERY CHARGE (per therm):</u></b>               |              |                 |                     |                    |
| Base Rate                                                |              | 0.217420        | 0.014404            | 0.231824           |
| IIP                                                      | B            | 0.004178        | 0.000277            | 0.004455           |
| SBC:                                                     |              |                 |                     |                    |
| RAC                                                      | E, G         | 0.061162        | 0.004052            | 0.065214           |
| CLEP                                                     | E, K         | 0.039198        | 0.002597            | 0.041795           |
| USF                                                      | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC                                                |              | 0.124860        | 0.008349            | 0.133209           |
| EET                                                      | N            | 0.055746        | 0.003693            | 0.059439           |
| Balancing Service Charge BS-1                            | J            | 0.064322        | 0.004261            | 0.068583           |
| <b>Total Delivery Charge</b>                             |              | 0.466526        | 0.030984            | <b>0.497510</b>    |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b> | A            | 0.372009        | 0.024646            | <b>0.396655</b>    |

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

Page 9

| <b><u>ELECTRIC GENERATION SERVICE (EGS) - COMMERCIAL/INDUSTRIAL</u></b> |                     |                    |                            |                           |
|-------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                         | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>CUSTOMER CHARGE</u></b>                                           |                     | 105.000000         | 6.956250                   | <b>111.956250</b>         |
| <b><u>D-1 DEMAND (MCF)</u></b>                                          |                     | 10.500000          | 0.695625                   | <b>11.195625</b>          |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                              |                     |                    |                            |                           |
| Base Rate - Winter Season (Nov - Mar)                                   |                     | 0.199067           | 0.013188                   | 0.212255                  |
| Base Rate - Summer Season (Apr - Oct)                                   |                     | 0.169067           | 0.011201                   | 0.180268                  |
| IIP                                                                     | B                   | 0.004178           | 0.000277                   | 0.004455                  |
| SBC:                                                                    |                     |                    |                            |                           |
| RAC                                                                     | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                    | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                     | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                               |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                     | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Balancing Service Charge BS-1                                           | J                   | 0.064322           | 0.004261                   | 0.068583                  |
| Total Delivery Charge - Winter Season                                   |                     | 0.448173           | 0.029768                   | <b>0.477941</b>           |
| Total Delivery Charge - Summer Season                                   |                     | 0.418173           | 0.027781                   | <b>0.445954</b>           |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |

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

Page 10

| <b>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</b>                                                      |              |                 |                     |                         |
|-----------------------------------------------------------------------------------------------------|--------------|-----------------|---------------------|-------------------------|
|                                                                                                     | <b>RIDER</b> | <b>RATE</b>     | <b>NJ SALES TAX</b> | <b>TARIFF RATE</b>      |
| <b>FIRM</b>                                                                                         |              |                 |                     |                         |
| <b>CUSTOMER CHARGE</b>                                                                              |              | 1025.000000     | 67.906250           | <b>1092.906250</b>      |
| <b>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</b>                     |              | 33.018881       | 2.187501            | <b>35.206382</b>        |
| <b>D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)</b>                                   | A            | 15.546022       | 1.029924            | <b>16.575946</b>        |
| <b>DELIVERY CHARGE (per therm):</b>                                                                 |              |                 |                     |                         |
| IIP                                                                                                 | B            | 0.000532        | 0.000035            | 0.000567                |
| SBC:                                                                                                |              |                 |                     |                         |
| RAC                                                                                                 | E, G         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                | E, K         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                 | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
|                                                                                                     |              | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                 | N            | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Delivery Charge</b>                                                                        |              | 0.181138        | 0.012077            | <b>0.193215</b>         |
| Balancing Service Charge BS-1                                                                       | I            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision)                                                   | I            | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I            |                 |                     | RATE SET MONTHLY        |
| <b>BGSS: (Applicable To Sales Customers Only)</b>                                                   | A            |                 |                     | <b>RATE SET MONTHLY</b> |
| <b>LIMITED FIRM</b>                                                                                 |              |                 |                     |                         |
| <b>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</b>                                    | A            | 7.734825        | 0.512432            | <b>8.247257</b>         |
| <b>DELIVERY CHARGE (per therm):</b>                                                                 |              |                 |                     |                         |
| SBC:                                                                                                |              |                 |                     |                         |
| RAC                                                                                                 | E, K         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                | E, G         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                 | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
|                                                                                                     |              | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                 | N            | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Delivery Charge</b>                                                                        |              | 0.180606        | 0.012042            | <b>0.192648</b>         |
| <b>C-3 (Rate is negotiated. Shown here is the benchmark rate.)</b>                                  |              | 0.162900        | 0.010800            | <b>0.173700</b>         |
| Balancing Service Charge BS-1                                                                       | I            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision)                                                   | I            | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I            |                 |                     | RATE SET MONTHLY        |
| <b>BGSS: (Applicable To Sales Customers Only)</b>                                                   | A            |                 |                     | <b>RATE SET MONTHLY</b> |

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

| <u>YARD LIGHTING SERVICE (YLS)</u>   |              |             |                     |                    |
|--------------------------------------|--------------|-------------|---------------------|--------------------|
|                                      | <u>RIDER</u> | <u>RATE</u> | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| MONTHLY CHARGE / INSTALL             |              | 18.102871   | 1.199315            | 19.302186          |
| <u>STREET LIGHTING SERVICE (SLS)</u> |              |             |                     |                    |
| MONTHLY CHARGE / INSTALL             |              | 21.471814   | 1.422508            | 22.894322          |
| <u>INTERRUPTIBLE GAS SALES (IGS)</u> |              |             |                     |                    |
| Commodity                            |              |             |                     | Rate Set Monthly   |
| SBC:                                 |              |             |                     |                    |
| RAC                                  | E, K         | 0.061162    | 0.004052            | 0.065214           |
| USF                                  | E            | 0.024500    | 0.001700            | 0.026200           |
| Total SBC:                           |              | 0.085662    | 0.005752            | 0.091414           |
| EET                                  | N            | 0.055746    | 0.003693            | 0.059439           |

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

Page 12

| <u>INTERRUPTIBLE TRANSPORTATION (ITS)</u> |              |                   |                     |                    |
|-------------------------------------------|--------------|-------------------|---------------------|--------------------|
|                                           | <u>RIDER</u> | <u>RATE</u>       | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| <b><u>CUSTOMER CHARGE</u></b>             |              | <b>575.000000</b> | <b>38.093750</b>    | <b>613.093750</b>  |
| <b><u>TRANSPORTATION CHARGE A</u></b>     |              | <b>0.128400</b>   | <b>0.008507</b>     | <b>0.136907</b>    |
| SBC:                                      |              |                   |                     |                    |
| RAC                                       | E, K         | 0.061162          | 0.004052            | 0.065214           |
| CLEP                                      | E, G         | 0.039198          | 0.002597            | 0.041795           |
| USF                                       | E            | <u>0.024500</u>   | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC:                                |              | 0.124860          | 0.008349            | 0.133209           |
| EET                                       | N            | 0.055746          | 0.003693            | 0.059439           |
| <b><u>TRANSPORTATION CHARGE B</u></b>     |              | <b>0.193200</b>   | <b>0.012800</b>     | <b>0.206000</b>    |
| SBC:                                      |              |                   |                     |                    |
| RAC                                       | E, K         | 0.061162          | 0.004052            | 0.065214           |
| CLEP                                      | E, G         | 0.039198          | 0.002597            | 0.041795           |
| USF                                       | E            | <u>0.024500</u>   | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC:                                |              | 0.124860          | 0.008349            | 0.133209           |
| EET                                       | N            | 0.055746          | 0.003693            | 0.059439           |
| <b><u>TRANSPORTATION CHARGE C</u></b>     |              | <b>0.253200</b>   | <b>0.016775</b>     | <b>0.269975</b>    |
| SBC:                                      |              |                   |                     |                    |
| RAC                                       | E, K         | 0.061162          | 0.004052            | 0.065214           |
| CLEP                                      | E, G         | 0.039198          | 0.002597            | 0.041795           |
| USF                                       | E            | <u>0.024500</u>   | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC:                                |              | 0.124860          | 0.008349            | 0.133209           |
| EET                                       | N            | 0.055746          | 0.003693            | 0.059439           |

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

Page 13

| <u>NATURAL GAS VEHICLE (NGV)</u>                                                                                                                                          |      |                 |                     |                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|---------------------|-------------------------|
|                                                                                                                                                                           |      | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>      |
| <u>COMPANY OPERATED FUELING STATIONS</u>                                                                                                                                  |      |                 |                     |                         |
| <u>DELIVERY CHARGE (per therm):</u>                                                                                                                                       |      |                 |                     |                         |
| IIP                                                                                                                                                                       | B    | 0.007438        | 0.000493            | 0.007931                |
| SBC                                                                                                                                                                       |      |                 |                     |                         |
| RAC                                                                                                                                                                       | E, K | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                                                                                      | E, G | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                                                                                       | E    | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC:                                                                                                                                                                |      | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                                                                                       | N    | 0.055746        | 0.003693            | 0.059439                |
| Total Delivery Charge                                                                                                                                                     |      | 0.188044        | 0.012535            | <b>0.200579</b>         |
| <u>DISTRIBUTION CHARGE</u>                                                                                                                                                |      | 0.297805        | 0.0197300           | <b>0.317535</b>         |
| <u>COMPRESSION CHARGE</u>                                                                                                                                                 |      | 0.720000        | 0.0477000           | <b>0.767700</b>         |
| Balancing Service Charge BS-1                                                                                                                                             | I    | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)                                                                          | I    | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge BS-1                                                                                                                                             | J    | 0.064322        | 0.004261            | 0.068583                |
| <u>BGSS: (Applicable To Sales Customers Only)</u>                                                                                                                         | A    |                 |                     | <b>RATE SET MONTHLY</b> |
| <u>CUSTOMER OPERATED FUELING STATIONS</u>                                                                                                                                 |      |                 |                     |                         |
| <u>CUSTOMER CHARGE</u>                                                                                                                                                    |      |                 |                     |                         |
| 0 - 999 CF/hour                                                                                                                                                           |      | 37.500000       | 2.484400            | <b>39.984400</b>        |
| 1,000 - 4,999 CF/hour                                                                                                                                                     |      | 75.000000       | 4.968800            | <b>79.968800</b>        |
| 5,000 - 24,999 CF/hour                                                                                                                                                    |      | 265.000000      | 17.556300           | <b>282.556300</b>       |
| 25,000 or Greater CF/hour                                                                                                                                                 |      | 1,025.000000    | 67.906250           | <b>1,092.906250</b>     |
| <u>DELIVERY CHARGE (per therm):</u>                                                                                                                                       |      |                 |                     |                         |
| IIP                                                                                                                                                                       | B    | 0.007438        | 0.000493            | 0.007931                |
| SBC                                                                                                                                                                       |      |                 |                     |                         |
| RAC                                                                                                                                                                       | E, K | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                                                                                      | E, G | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                                                                                       | E    | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC:                                                                                                                                                                |      | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                                                                                       | N    | 0.055746        | 0.003693            | 0.059439                |
| Total Delivery Charge                                                                                                                                                     |      | 0.188044        | 0.012535            | <b>0.200579</b>         |
| <u>DISTRIBUTION CHARGE</u>                                                                                                                                                |      | 0.297805        | 0.0197300           | <b>0.317535</b>         |
| Balancing Service Charge BS-1                                                                                                                                             | I    | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)                                                                          | I    | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge BS-1                                                                                                                                             | J    | 0.064322        | 0.004261            | 0.068583                |
| <u>BGSS: (Applicable To Sales Customers Only)</u>                                                                                                                         | A    |                 |                     | <b>RATE SET MONTHLY</b> |
| <u>Facilities Charge (Applicable only to Customers that elect the Company construct Compressed Natural Gas ("CNG") fueling Facilities located on Customer's property)</u> |      | 0.318897        | 0.021127            | <b>0.340024</b>         |

SOUTH JERSEY GAS COMPANY  
Appendix A - Effective

Page 14

Heat Residential Rate Schedule:

|                  | RSG FSS  | RSG-FTS  | Difference |
|------------------|----------|----------|------------|
| BGSS             | 0.396655 | 0.000000 | 0.396655   |
| Base Rate        | 1.121130 | 1.121130 | 0.000000   |
| IIP              | 0.022918 | 0.022918 | 0.000000   |
| CLEP             | 0.041795 | 0.041795 | 0.000000   |
| RAC              | 0.065214 | 0.065214 | 0.000000   |
| CIP              | 0.128362 | 0.128362 | 0.000000   |
| USF              | 0.026200 | 0.026200 | 0.000000   |
| TIC              | 0.000999 | 0.000999 | 0.000000   |
| EET              | 0.059439 | 0.059439 | 0.000000   |
| BSC "J" BS-1     | 0.068583 | 0.068583 | 0.000000   |
| Price to Compare | 1.931295 | 1.534640 | 0.396655   |

NonHeat Residential Rate Schedule:

|                  | RSG FSS  | RSG-FTS  | Difference |
|------------------|----------|----------|------------|
| BGSS             | 0.396655 | 0.000000 | 0.396655   |
| CIP              | 0.016743 | 0.016743 | 0.000000   |
| Base Rate        | 1.121130 | 1.121130 | 0.000000   |
| IIP              | 0.022918 | 0.022918 | 0.000000   |
| CLEP             | 0.041795 | 0.041795 | 0.000000   |
| RAC              | 0.065214 | 0.065214 | 0.000000   |
| USF              | 0.026200 | 0.026200 | 0.000000   |
| TIC              | 0.000999 | 0.000999 | 0.000000   |
| EET              | 0.059439 | 0.059439 | 0.000000   |
| BSC "J" BS-1     | 0.068583 | 0.068583 | 0.000000   |
| Price to Compare | 1.819676 | 1.423021 | 0.396655   |

GSG  
(Under 5,000 therms annually)

|                  | GSG FSS  | GSG-FTS  | Difference |
|------------------|----------|----------|------------|
| BGSS             | 0.396655 | 0.000000 | 0.396655   |
| CIP              | 0.076872 | 0.076872 | 0.000000   |
| Base Rates       | 0.907356 | 0.907356 | 0.000000   |
| IIP              | 0.018266 | 0.018266 | 0.000000   |
| CLEP             | 0.041795 | 0.041795 | 0.000000   |
| RAC              | 0.065214 | 0.065214 | 0.000000   |
| USF              | 0.026200 | 0.026200 | 0.000000   |
| TIC              | 0.000999 | 0.000999 | 0.000000   |
| EET              | 0.059439 | 0.059439 | 0.000000   |
| BSC "J" BS-1     | 0.068583 | 0.068583 | 0.000000   |
| Price to Compare | 1.661379 | 1.264724 | 0.396655   |

GSG  
(5,000 therms annually or greater)

|                  | GSG FSS  | GSG-FTS  | Difference |
|------------------|----------|----------|------------|
| BGSS             | 0.566551 | 0.000000 | 0.566551   |
| CIP              | 0.076872 | 0.076872 | 0.000000   |
| Base Rates       | 0.907356 | 0.907356 | 0.000000   |
| IIP              | 0.018266 | 0.018266 | 0.000000   |
| CLEP             | 0.041795 | 0.041795 | 0.000000   |
| RAC              | 0.065214 | 0.065214 | 0.000000   |
| USF              | 0.026200 | 0.026200 | 0.000000   |
| TIC              | 0.000999 | 0.000999 | 0.000000   |
| EET              | 0.059439 | 0.059439 | 0.000000   |
| BSC "J" BS-1     | 0.068583 | 0.068583 | 0.000000   |
| Price to Compare | 1.831275 | 1.264724 | 0.566551   |

GSG-LV

|                  | Prior to 7/15/97 |            |            |
|------------------|------------------|------------|------------|
|                  | GSG-LV FSS       | GSG-LV-FTS | Difference |
| BGSS             | 0.566551         | 0.000000   | 0.566551   |
| CIP              | 0.048269         | 0.048269   | 0.000000   |
| Base Rates       | 0.479085         | 0.479085   | 0.000000   |
| IIP              | 0.010297         | 0.010297   | 0.000000   |
| CLEP             | 0.041795         | 0.041795   | 0.000000   |
| RAC              | 0.065214         | 0.065214   | 0.000000   |
| USF              | 0.026200         | 0.026200   | 0.000000   |
| TIC              | 0.000999         | 0.000999   | 0.000000   |
| EET              | 0.059439         | 0.059439   | 0.000000   |
| BSC "J" BS-1     | 0.068583         | 0.068583   | 0.000000   |
| Price to Compare | 1.366432         | 0.799881   | 0.566551   |

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Appendix B- Original Sheet No. 1**

**APPLIANCE REPAIR SERVICE (ARS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Service pursuant to this Rate Schedule ARS, shall be available to all persons or other entities.

**CHARACTER OF SERVICE:**

Repair and servicing of appliances.

**FLOOR RATES:**

**Competitive Services:**

Standard Rates: \$85.36 per hour (minimum charge - \$28.45)

Non-Standard Rates: \$128.04 per hour (minimum charge - \$42.68)

**Non-Competitive Services:**

Standard Rates: \$83.00 per hour (minimum charge - \$28.00)

Non-Standard Rates: \$124.50 per hour (minimum charge - \$42.00)

**PRICES:**

**Competitive Services:**

Standard Rates: \$124.95 per hour (minimum charge - \$59.00)

Non-Standard Rates: \$187.43 per hour (minimum charge - \$88.50)

**Non-Competitive Services:**

Standard Rates: \$83.00 per hour (minimum charge - \$28.00)

Non-Standard Rates: \$124.50 per hour (minimum charge - \$42.00)

**SALES AND USE TAX:**

All charges pursuant to this Rate Schedule ARS shall be adjusted to reflect appropriate New Jersey Sales and Use Taxes.

**FREE SERVICES:**

Upon a customer's request, the Company will provide, without charge, certain services designated as Free Services, as set forth in Special Provision (d).

**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 nonbusiness day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Appendix B- Original Sheet No. 2**

**APPLIANCE REPAIR SERVICE (ARS)**  
**(continued)**

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. Service to State, county or municipal government entities will not be subject to a late payment charge.

**LIMITS OF COVERAGE:**

All equipment must be manufactured, installed and maintained in accordance with the National Fuel Gas Code; certified by the American Gas Association, the Underwriters Laboratories or similar natural gas industry trade organizations; installed in accordance with local, state, and federal law; and satisfy both manufacturer's and the Company's requirements for safe and proper installation. Our response time shall be determined by scheduling priorities that consider public safety, health and welfare, existing work loads, nature or science, and prevailing weather conditions.

**SPECIAL PROVISIONS:**

- (a) The Non-Standard Rates will be charged on weekends, holidays and other than normal working hours (8:00 a.m. to 4:30 p.m.). The Standard Rates will be charged at all other times.
- (b) The following list shall constitute Competitive Services
  - Repair of Hot Water Heater
  - Repair of House Heater
- (c) The following list shall constitute Non-Competitive Services:
  - Changed Location of Facilities
  - Changed Location of Meter
  - Changed Location of Service
  - Installed Remote Meter Device
- (d) The following list shall constitute Free Services:
  - 1. Investigate appliance flashbacks.
  - 2. Inspecting new appliance and/or installation.
  - 3. Meter changes.
  - 4. Advisory service to assure safe operation of gas appliances.
  - 5. Turning on or turning off gas heaters when work is performed in conjunction with meter set orders, turn on order or turn off orders.
  - 6. Instructing customers in the proper use, operation and maintenance of appliances.  
Instructing heating customers in the procedure of turning on house heater.
  - 7. Any call made to place an appliance in a safe condition. A safe condition will result if a valve is shut off and/or the appliance is disconnected.
  - 8. Investigating gas leaks and odors.
  - 9. Meter turn offs.
  - 10. New equipment startup.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

---

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Appendix B- Original Sheet No. 3**

**APPLIANCE REPAIR SERVICE (ARS)**  
**(continued)**

11. Preliminary investigation for appliance installation.
  12. Reported no gas or poor pressure.
  13. Gas leak repairs at meter and upstream piping.
  14. A service order which is canceled before the service person arrives or if it is canceled by the Company.
  15. Carbon monoxide services.
  16. Pilot light up services from November 1 through August 31 of each year.
- (e) The Company may not charge less than the Floor Rates set forth in the Floor Rates section of this Rate Schedule ARS, plus New Jersey Sales and Use Taxes.
- (f) The charges set forth in this Rate Schedule ARS are for labor only, and not for appliance repair parts. Repair parts associated with services under this Rate Schedule ARS shall not be priced below cost to the Company.

---

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:** ~~\$10.502563~~ 13.861250 per month

~~**Distribution Charge**~~ ~~**Delivery Charge:**~~ <sup>(1)</sup>

(a) Residential Non-Heating Customers  
Firm Sales Service and Firm Transportation Service \$1.~~258499~~ 121130 per therm

(b) Residential Heating Customers  
Firm Sales Service and Firm Transportation Service \$1.~~370118~~ 121130 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.

Infrastructure Investment Program The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" 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.

**RESIDENTIAL SERVICE (RSG)**

(1) The charges set forth in this Rate Schedule include sales and use tax and will be adjusted for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates and Price to Compare

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:**

~~\$40.496175~~\$52.779375 per month

**~~Distribution~~Delivery Charges:** <sup>(1)</sup>

Firm Sales Service and Firm Transportation Service ~~\$1.128466~~.907356 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.                                                 |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" 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. |

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and will be adjusted for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates and Price to Compare.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 13a**

**GENERAL SERVICE (GSG)  
(Continued)**

chartered under federal law, qualifies as a tax exempt organization under paragraph (19) of subsection (c) of section 501 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(19), or that is organized as a corporation under the 'New Jersey Nonprofit Corporation Act,' N.J.S.A. 15A:1-1 et seq." Under N.J.S.A. 48:2-21.41, a qualified Veterans Organization shall be charged the residential rate for service delivered to the property where the Veterans Organization primarily operates, if the residential rate is lower than the commercial rate for service at that property.

The customer shall furnish satisfactory proof of eligibility of service under this Special Provision to the Company. Once proof of eligibility is determined by the Company, service under this Special Provision shall begin with the next billing cycle following receipt of the Application.

At least once annually, the Company shall review eligible customers' charges for service delivered, defined to include Customer Charge and ~~Distribution~~ ~~Delivery~~ Charge, of this service classification for all relevant periods. If these comparable charges for service delivered under the Residential Service (RSG) classification are lower than the charges under this classification a credit in the amount of the difference shall be applied to the customer's next bill.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Customer Charge:**

~~\$264.003500~~ \$341.200000 per month

**Delivery Charges:** <sup>(1)</sup>

Firm Sales Service and Firm Transportation Service<sup>(2)</sup>

Demand Charge:

D-1FT: \$14.~~199998~~ 394375 per Mcf of Contract Demand

Volumetric Charge:

~~\$.703696~~ \$.799881 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).

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates and Price to Compare.

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

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original 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:

**Firm:**

**Customer Charge:** ~~\$874.996738~~1,092.906250 per month

**Delivery Charges:** <sup>(1)</sup>

**Demand Charge:** D-1FT: ~~\$37.000048~~45.315625 per Mcf of Contract Demand

**Volumetric Charges:**

All consumption for customers who elected to  
transfer from Sales Service to Firm Transportation Service ~~\$.296192~~307458  
per therm

**Limited Firm:**

**Customer Charge:** ~~\$533.125000~~613.093750 per month

**Delivery Charges:**

**Volumetric Charges:**

All consumption for customers who elected to  
transfer from Sales Service to Firm Transportation Service \$.254948 per therm

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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:**

**Firm:**

**Customer Charge:**

\$1,~~225.0039635~~19.406250 per month

**Delivery Charge:** <sup>(1)</sup>

**Firm Sales Service and Firm Transportation Service**

**Demand Charge:**

D-1FT: \$~~22.00004326~~.389688 per Mcf of Contract Demand

**Volumetric Charge:**

\$~~.261220~~.273445 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

**Demand Charge:**

D-2: \$16.494513 per Mcf of Contract Demand.

**Volumetric Charge:**

See Rider "A" of this Tariff.

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Orders in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 31**

**FIRM ELECTRIC SERVICE (FES)**

**APPLICABLE TO USE OF SERVICE FOR:**

All gas that is purchased or transported to generate electricity. Provided, however, that in order to qualify for this Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Contract Demand of 2,000 Mcf per day or more, or both. To be eligible for Firm Transportation Service under this Rate Schedule FES, 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 <sup>(2)</sup>**

**WINTER (November – March):**

**Demand Charge:**

- D-1 \$3.089100 per Mcf of Winter Daily Contract Demand
- D-2 \$8.247257 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

**Volumetric Charge:**

- C-1: \$.192648 per therm of consumption <sup>(1)</sup>
  - C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
  - C-3: \$.173700 per therm of consumption
  - C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.
- Minimum Bill:** The monthly D-1 and D-2 charges, irrespective of use.

**SUMMER (April – October):**

**Demand Charge:**

- D-1 \$3.089100 per Mcf of Summer Daily Contract Demand
- D-2 \$8.247257 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

**Volumetric Charge:**

- C-1: \$.192648 per therm of consumption <sup>(1)</sup>
- C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
- C-3: \$.173700 per therm of consumption
- C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (p)

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original 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: <sup>(2)</sup>

Residential Customer Charge:

~~\$10.502563~~ 13.861250 per month

Residential Delivery Charge <sup>(1)</sup>

Residential Volumetric Charge:

~~\$.458087~~ 497510 per therm

Commercial and Industrial Customer Charge:

~~\$91.996050~~ 111.956250 per month

Commercial and Industrial Delivery Charge: <sup>(1)</sup>

Commercial and Industrial Demand Charge:

D-1 Charge:

~~\$9.750003~~ 11.195625 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

~~\$.444955~~ 477941 per therm

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (p)

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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

\$.~~412967~~445954 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.                                                                                                              |
| Infrastructure Investment Program | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff.                                                              |
| Societal Benefits Clause:         | The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" 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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original 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:

Customer Charge:

~~\$874.9967381~~,092.906250 per month

FIRM:

Demand Charges: <sup>(2)</sup>

D-1 ~~\$29.44118535~~.206382 per Mcf of Firm Daily Contract Demand.

D-2 \$16.575946 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

Volumetric Charge:

C-1: \$.193215 per therm of consumption<sup>(1)</sup>

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 \$8.247257 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

Volumetric Charge: <sup>(2)</sup>

C-1: \$.192648 per therm of consumption<sup>(1)</sup>

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.<sup>1</sup>

Minimum Bill: Monthly D-2 charge, irrespective of use.

<sup>(1)</sup> The charges set forth in this Rate Schedule include sales and use tax and are inclusive of the charges for all other applicable Riders of this Tariff and any additional taxes or similar charges that are lawfully imposed by the Company. Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (j).

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**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 \$~~16.964107~~19.302186 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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**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 \$~~20.373839~~22.894322 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,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 55**

**INTERRUPTIBLE TRANSPORTATION SERVICE (ITS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Interruptible uses of gas to customers who hold clear and marketable title to gas that is made available for transportation service on the Company's system. Pursuant to this Rate Schedule ITS, the Company shall transport gas made available for transportation from the Company's City Gate Station to a designated point of delivery.

**CHARACTER OF SERVICE:**

Interruptible Transportation Service.

**MONTHLY RATE:**

**Service Charge:**

~~\$533.125000~~ 613.093750 per month

Billable for the duration of the Standard Gas Service Agreement (ITS). The Service Charge will not be prorated.

**Transportation Charge:**

- (a) For transportation of gas by customers served under Rate Schedules CTS, LVS, FES, or EGS-LV or industrial customers who have an annualized average interruptible use of 200 Mcf or more per day:

~~\$.083600~~ 136907 per therm

- (b) For transportation of gas by customers served under Rate Schedules GSG or GSG-LV that certify that they have an Alternate Fuel Capability of No. 6 oil.

~~\$.152700~~ 206000 per therm

- (c) For transportation of gas not qualified for delivery under Paragraph (a) or (b) of this Transportation Charge:

~~\$.216700~~ 269975 per therm

**Line Loss:**

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

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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: \$0.200579 per therm (\$0.250724 GGE\*)

Distribution Charge: \$0.~~257866~~317535 per therm (\$0.~~322333~~396919 GGE\*)

Compression Charge: \$0.~~700000~~767700 per therm (\$0.~~875000~~959625 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 \$0.1830 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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original 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       | <del>\$258.000500</del> <u>282.556300</u>   |
| 25,000 and greater Cf/hour | <del>\$986.281250</del> <u>1,092.906250</u> |

**Volumetric Charges**

C-1: \$0. 200579 per therm (\$0. 250724 GGE)

Distribution Charge: \$0. ~~257866-317535~~ per therm (\$0. ~~322333-396919~~ 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. ~~294445-340024~~ (\$0. ~~368056-425030~~ 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.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original 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       | <del>\$258.000500</del> <u>282.556300</u>   |
| 25,000 and greater Cf/hour | <del>\$986.281250</del> <u>1,092.906250</u> |

**Volumetric Charge**

C-1: \$0. 200579 per therm (\$0. 250724 GGE)

Distribution Charge: \$0. ~~257866~~ 317535 per therm (\$0. ~~322333~~ 396919 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. ~~294445~~ 340024 per therm (\$0. ~~368056~~ 425030 GGE)

Sales taxes are not included in the above basic charges. The Company is under no obligation to determine if a customer is exempt from taxation. Customers seeking tax exemption must file verification with the Company.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the  
Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 71**

**RIDER "C"**  
**TRANSPORTATION INITIATION CLAUSE (TIC)**

**APPLICABLE TO:**

|                   |   |                     |
|-------------------|---|---------------------|
| Rate Schedule RSG | - | Residential Service |
| Rate Schedule GSG | - | General Service     |

This Rider "C" shall be known as the Transportation Initiation Clause (TIC) and will be charged to all RSG and GSG customers.

**PURPOSE OF RIDER "C":**

The purpose of the TIC is to enable the Company to recover both capital expenditures and operating costs associated with Electronic Data Interchange (EDI), including consulting costs and transaction costs.

**ANNUAL TIC FILING:**

On or about July 31 of each year, to be effective the next succeeding November 1, the Company shall file with the Board a proposed TIC rate. The TIC filing will be based upon the costs and expenditures incurred during the previous August 1 through July 31. The costs proposed for recovery will be subject to review for reasonableness, and to assure that they are costs associated with EDI, and not costs which would have been spent for computer upgrades, irrespective of the implementation of EDI.

TIC costs shall be calculated by utilizing the total capital expenditures and operating costs associated with the EDI process, including consulting and transaction costs, net of the TIC over or underrecovery balance, applying monthly carrying costs to the resulting amount using the interest rate applicable to the Company's SBC underrecoveries and overrecoveries. The resulting TIC costs shall be divided by the annual forecasted volumes for the rate classes set forth above. The resulting rate shall be adjusted for all applicable taxes and assessments.

The TIC shall be collected on a per therm basis and shall remain in effect until changed by order of the Board. The TIC charge will be:

\$0.000999 per therm

The TIC will be recovered through the ~~Distribution~~ ~~Delivery~~ Charge of each of the rate schedules referred to above, and will subject to deferred accounting.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 75**

**RIDER "E"**  
**SOCIETAL BENEFITS CLAUSE (SBC)**  
**(Continued)**

**UNIVERSAL SERVICE FUND:**

Pursuant to the "Electric Discount and Energy Competition Act", N.J.S.A. 48:3-49, the Board established the Permanent Universal Service Fund ("USF") and the Lifeline Credit and Tenants Assistance Program ("Lifeline") both of which will be collected from Rate Schedules RSG, GSG, GSG-LV, EGS, EGS-LV, CTS, LVS, FES, IGS, ITS and NGV. The USF and Lifeline factors established in this Rider "E" were set forth by the Board.

Pursuant to Section 12b of the "Electric Discount and Energy Competition Act", N.J.S.A. 48:3-60b, the Board established an Interim Universal Service Fund. All gas consumed under Rate Schedules RSG, GSG, GSG-LV, EGS, EGS-LV, CTS, LVS and FES shall recover the Company's contributions toward the Universal Service Fund (over a twelve month period on a forecasted basis in accordance with this Rider "E").

Pursuant to Section 12b of the "Electric Discount and Energy Competition Act", N.J.S.A. 48:3-60.1, electric generators that use natural gas and/or natural gas delivery service to generate electricity that is sold for resale are to be exempt from paying the societal benefit charge on the throughput used to generate electricity that is sold for resale. In order to determine the percentage of the throughput exempt from the SBC, a customer must provide a form of Annual Certification which will provide the percentage of the customer's throughput that will be exempt from the SBC. South Jersey Gas will forward the forms to the customer in December to be updated for each subsequent calendar year's actual experience. If the customer does not return the completed forms by January 15, then the SBC will be assessed on all of the customer's usage. If the customer returns the forms on or before January 15, then adjustments to the customer's bills will be made on a prospective basis beginning in February of the subsequent year. That is, commencing in February, the customer's SBC charge will be adjusted based on the percentage of the customer's throughput from the prior calendar year used to generate electricity that was sold for resale.

The interest rate on USF under and over recoveries shall be the interest rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which the rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as authorized by the Board.

Rates subject to this Rider have been adjusted to recover the following Societal Benefit Charges:

| <u>Rate Schedule and Appropriate Rate</u> |                                  | <u>RAC</u> | <u>USF</u><br><u>(Including</u><br><u>CLEP</u> <u>Lifeline)</u> |         | <u>SBC</u> |
|-------------------------------------------|----------------------------------|------------|-----------------------------------------------------------------|---------|------------|
| Rate Schedule RSG                         | <del>Distribution</del> Delivery | .065214    | .041795                                                         | .026200 | .133209    |
| Rate Schedule GSG                         | <del>Distribution</del> Delivery | .065214    | .041795                                                         | .026200 | .133209    |
| Rate Schedule GSG-LV                      | Delivery                         | .065214    | .041795                                                         | .026200 | .133209    |
| Rate Schedule EGS                         | Delivery                         | .065214    | .041795                                                         | .026200 | .133209    |

**Issued \_\_\_\_\_**  
**by South Jersey Gas Company,**  
**B. Schomber, President**

**Effective with service rendered**  
**on and after \_\_\_\_\_**

**Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of**  
**Public Utilities, State of New Jersey, dated \_\_\_\_\_**

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 77

**RIDER "F"**  
**TEMPERATURE ADJUSTMENT CLAUSE (TAC)**

**APPLICABLE TO:**

Rate Schedule RSG - Residential Service  
Rate Schedule GSG - General Service  
Rate Schedule GSG-LV - General Service – Large Volume

- (a) This Rider "F" shall be known as the Temperature Adjustment Clause (TAC). It shall be utilized to adjust the Company's revenues in cases wherein temperatures experienced during a Base Year yield more or less degree days than were experienced on a twenty-year normal basis, plus or minus one-half (1/2%) percent of the sum of the Cumulative Normal Degree Days, for the twenty-year period utilized in the Company's then most recent base rate case. This adjustment will be effectuated through a credit or surcharge applied to customers' bills during the year succeeding the Base Year, which succeeding year shall be known as the Adjustment Year. The credit or surcharge will also be adjusted to reflect Base Year under recoveries or over recoveries pursuant to this TAC.
- (b) Each Base Year, and each Adjustment Year shall begin on October 1 and end on May 31 and shall include only the months of October, November, December, January, February, March, April and May.
- (c) The Company will determine on a monthly basis, Degree Days, Cumulative Degree Days, Normal Degree Days, Cumulative Normal Degree Days, Deadband Degree Days and Cumulative Deadband Degree Days for each month during the Base Year. Cumulative Deadband Degree Days will be added to or subtracted from Cumulative Normal Degree Days to yield an Upper Level or Lower Level Degree Day Threshold. If the experienced cumulative Degree Days at the end of a Base Year month is higher than the Upper Level of the Degree Day Threshold, or lower than the Lower Level, a Degree Day Adjustment will be made. The factors for use in this TAC are based on the 20-year average calculated in Docket No. GR22040253, and are based upon information obtained from the National Oceanic and Atmospheric Administration ("NOAA"), and will be adjusted in future base rate proceedings. Should a NOAA station utilized by the Company be abandoned, become inoperable, or otherwise become unusable, the Company may substitute data from a nearby NOAA station. When this becomes necessary, the Company will promptly notify the Staff of the Board and the Division of the Ratepayer Advocate. The factors for the TAC are as follows:

|       | <u>Normal<br/>Degree Days</u> | <u>Cumulative<br/>Normal Degree<br/>Days</u> | <u>Deadband<br/>Degree Days</u> | <u>Cumulative<br/>Deadband<br/>Degree Days</u> |
|-------|-------------------------------|----------------------------------------------|---------------------------------|------------------------------------------------|
| Oct.  | <u>232211</u>                 | <u>232211</u>                                | 1                               | 1                                              |
| Nov.  | <u>543517</u>                 | <u>745728</u>                                | 3                               | 4                                              |
| Dec.  | <u>792776</u>                 | <u>1,53704</u>                               | 4                               | 8                                              |
| Jan.  | <u>958934</u>                 | <u>2,49538</u>                               | <u>54</u>                       | <u>132</u>                                     |
| Feb.  | <u>846795</u>                 | <u>3,341233</u>                              | 4                               | <u>176</u>                                     |
| Mar.  | <u>656632</u>                 | <u>3,967865</u>                              | 3                               | <u>2019</u>                                    |
| Apr.  | <u>340329</u>                 | <u>4,307194</u>                              | 2                               | <u>221</u>                                     |
| May   | <u>422111</u>                 | <u>4,429305</u>                              | <u>1</u>                        | <u>232</u>                                     |
| TOTAL | <u>4,4294,305</u>             |                                              | <u>232</u>                      |                                                |

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 78

RIDER "F"  
TEMPERATURE ADJUSTMENT CLAUSE (TAC)  
(Continued)

Degree Day Threshold

|      | <u>Upper Level</u>   | <u>Lower Level</u> |
|------|----------------------|--------------------|
| Oct. | <del>233</del> 12    | <del>234</del> 210 |
| Nov. | <del>749</del> 32    | <del>724</del> 1   |
| Dec. | 1,5 <del>45</del> 12 | 1,529496           |
| Jan. | 2,508450             | 2,48226            |
| Feb. | 3,328249             | 3,29417            |
| Mar. | 3,987884             | 3,947846           |
| Apr. | 4,329215             | 4,285173           |
| May  | 4,452327             | 4,406283           |

- (d) The Degree Day Adjustment will be multiplied by a Degree Day Consumption Factor to derive the Therm Adjustment. The Degree Day Consumption Factor will be determined by first determining a factor for actual heat sensitive use per degree day per customer, for Rate Schedule RSG, and Rate Schedules GSG and GSG-LV heating load based upon actual usage on a cumulative basis through the end of each Base Year.
- (e) The Therm Adjustment will be multiplied by the margin in the respective rate classes resulting in the adjustment to revenue. The margin is then calculated by adjusting out gas costs and associated revenue taxes. This calculation will take place only after Base Year months when the cumulative number of degree days at the end of the Base Year month is higher than the Upper Level of the Degree Day Threshold, or lower than the Lower Level.
- (f) On or before August 31 of each Base Year, the Company will file in a petition with the Board, a proposed adjustment factor ("TAC Factor") to be effective in the Adjustment Year following the then current Base Year. The proposed factor shall be the same for each rate schedule and shall be derived based upon the outstanding adjustment after May of each Base Year as developed in Paragraph (e), divided by the projected sales and transportation volumes for both rate schedules. The TAC Factor will be expressed as a rate per unit of sale. The TAC Factor will be effectuated through a credit or surcharge applied to customers' bills during the Adjustment Year. The credit or surcharge will also be adjusted to reflect over or under recoveries from the previous TAC year. The TAC Factor will be effective with the commencement of the Adjustment Year. At the end of the Adjustment Year, the TAC factor will terminate and the Company will file tariff pages with the Board reflecting this termination. It is subject to an earnings review analysis set forth in the Stipulation accepted by the Board in Docket No. GR91071243J.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 79

**RIDER "F"**  
**TEMPERATURE ADJUSTMENT CLAUSE (TAC)**  
(Continued)

The TAC Factor shall apply to all gas sold and transported under Rate Schedules RSG, GSG and GSG-LV.

The charge will be applied to the Rate Schedule RSG and GSG Distribution Charges and GSG-LV Delivery Charges as follows:

|                                        | <u><b>Per Therm</b></u> |
|----------------------------------------|-------------------------|
| TAC Factor per therm                   | \$0.0000                |
| Applicable NJ Sales Tax Factor         | <u>1.066250</u>         |
| TAC Factor Per Therm with NJ Sales Tax | <u>\$0.0000</u>         |

- (g) The Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the annual period by the Company's average jurisdictional common equity balance for such annual period. The average jurisdictional common equity balance will be derived by multiplying the average of the Company's beginning and ending net rate base for the annual period by the Board-approved equity ratio in the Company's most recent rate case. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income the Company's share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) On-System Capacity Release; (4) Off-System Sales and Capacity Release; (5) the Storage Incentive Mechanism; and (6) the Energy Efficiency Tracker.
- (h) As used in this Rider "F", the following terms shall have the meanings ascribed to them herein:
- (i) **"DEGREE DAYS"** is the difference between 65F and the daily mean temperature, on days when the daily mean temperature is below 65F. The daily mean temperature is the simple average of the 24 hourly temperature observations for a day taken at each of the National Oceanic and Atmospheric Administration Measuring points used by the Company. The sum of these differences for every day of the month is total degree days for that month.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 101**

**RIDER "M"**  
**CONSERVATION INCENTIVE PROGRAM ("CIP")**

**APPLICABLE TO:**

Rate Schedule RSG - Residential Service  
Rate Schedule GSG - General Service  
Rate Schedule GSG-LV - General Service – Large Volume

- (a) This Rider "M" shall be known as the Conservation Incentive Program ("CIP"). It shall be utilized to adjust the Company's revenues in cases wherein Actual Usage per Customer experienced during an Annual Period varies from the Baseline Usage per Customer ("BUC"). This adjustment will be effectuated through a credit or surcharge applied to customers' bills during the Adjustment Period. The credit or surcharge will also be adjusted to reflect prior year under recoveries or over recoveries pursuant to this CIP.
- (b) The BUC in therms for each Customer Class Group by month is as follows:

| <u>Month</u> | <u>Group I:<br/>RSG<br/>Non-Heating</u> | <u>Group II:<br/>RSG<br/>Heating</u> | <u>Group III:<br/>GSG</u> | <u>Group IV:<br/>GSG-LV</u> |
|--------------|-----------------------------------------|--------------------------------------|---------------------------|-----------------------------|
| Oct.         | <del>13.6</del> 16.0                    | <del>33.2</del> 27.0                 | 181.998.3                 | 9,871.98,050.0              |
| Nov.         | <del>22.9</del> 23.0                    | 732.0                                | 338.557.0                 | 19,424.55,975.8             |
| Dec.         | <del>27.5</del> 36.0                    | <del>118.2</del> 116.0               | 524.247.5                 | 17,494.620,694.3            |
| Jan.         | <del>35.7</del> 41.0                    | <del>150.2</del> 144.0               | 693.488.8                 | 32,153.128,417.7            |
| Feb.         | <del>38.0</del> 36.0                    | 1236.0                               | 577.893.7                 | 21,291.22,338.4             |
| Mar.         | <del>25.1</del> 24.0                    | 97.796.0                             | 491.6501.8                | 22,463.90,388.0             |
| Apr.         | <del>16.5</del> 13.0                    | 50.446.0                             | 286.971.8                 | 15,655.63,227.0             |
| May          | <del>13.9</del> 11.0                    | 292.0                                | 190.876.4                 | 9,494.27,197.7              |
| Jun.         | 9.78.0                                  | <del>13.4</del> 13.0                 | 112.022.3                 | 5,206.34,998.1              |
| Jul.         | <del>10.3</del> 10.0                    | <del>13.6</del> 14.0                 | 110.1824.6                | 4,652.4984.5                |
| Aug.         | <del>9.3</del> 11.0                     | <del>15.5</del> 14.0                 | 12341.3                   | 6,225.34,972.2              |
| Sep.         | 11.40                                   | 14.50                                | 108.731.5                 | 5,874.54,960.0              |
| Total        | <del>233.9</del> 40.0                   | <del>730.7</del> 705.                | 3,739.285                 | 169,806.6156,203.           |
| Annual       |                                         | 0                                    | 5.0                       | 7                           |

The BUC shall be reset each time new base rates are placed into effect as the result of a base rate case proceeding.

- (c) At the end of the Annual Period, a calculation shall be made that determines for each Customer Class Group the deficiency ("Deficiency") or excess ("Excess") to be surcharged or credited to customers pursuant to the CIP

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

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 plus the IIP 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, excluding taxes. The MRFs by Customer Class Group are as follows:

|                            |                                                 |
|----------------------------|-------------------------------------------------|
| Group I (RSG non-heating): | <del>\$0.918664</del> <u>1.072964</u> per therm |
| Group II (RSG heating):    | <del>\$0.918664</del> <u>1.072964</u> per therm |
| Group III (GSG):           | <del>\$0.740318</del> <u>0.868110</u> per therm |
| Group IV (GSG-LV):         | <del>\$0.368766</del> <u>0.458975</u> per therm |

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

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 128**

**STANDARD GAS SERVICE AGREEMENT (GS)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_,

hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule GSG Firm Sales Service ☐, Rate Schedule GSG-LV Firm Sales Service ☐, Rate Schedule GSG Firm Transportation Service ☐, Rate Schedule GSG-LV Firm Transportation Service ☐, and Rate Schedule IGS ☐ at \_\_\_\_\_, as follows:

**ARTICLE I**

**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of services hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas as to Rate Schedules GSG Firm Sales Service; GSG-LV Firm Sales Service; and IGS, and subject to Seller's possession of adequate system capacity as to Rate Schedules GSG Firm Transportation Service and GSG-LV Firm Transportation Service, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term.

**ARTICLE II**

**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**

**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. ~~14~~15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the Rate Schedule or Rate Schedules contracted for herein.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 130**

**STANDARD GAS SERVICE AGREEMENT (GS)**  
(Continued)

customer's account. Moreover, if the DCQ shall prove insufficient or excessive in any respect for the customer's needs, the Company shall not assume any responsibility or liability of any kind for such excess or insufficiency.

**ARTICLE V**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. ~~14~~15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 132**

**STANDARD GAS SERVICE AGREEMENT (LV)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_ hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule(s) \_\_\_\_\_ at \_\_\_\_\_ as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of services hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas as to Rate Schedules LVS and IGS, and subject to Seller's possession of adequate system capacity as to Rate Schedules LVS Firm Transportation Service, LVS Limited Firm Transportation and CTS shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulation of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. ~~14-15~~ - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the Rate Schedule or Rate Schedules contracted for herein.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 134**

**STANDARD GAS SERVICE AGREEMENT (LV)**

(Continued)

City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rate Schedule CTS or Rider "I" as applicable. If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rate Schedule CTS or Rider "I" as applicable. Buyer will be subject to the "opt-out" provision provided for in the Company's tariff.

\_\_\_\_\_  
Initials

**ARTICLE VI**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in the Company's Tariff For Gas Service, B.P.U.N.J. No. ~~14~~15 - Gas. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE VII**  
**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

\_\_\_\_\_  
Issued  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 137**

**STANDARD GAS SERVICE AGREEMENT (ITS)**

(Continued)

**ARTICLE III**

**Tariff For Gas Service**

All terms and conditions set forth in Company's Tariff for Gas Service B.P.U.N.J. No. ~~14~~15 - Gas are incorporated herein by reference. All services are subject to the General Terms and Conditions of Company's Tariff for Gas Service and more specifically the provisions set forth in the Interruptible Transportation Service (ITS) Rate Schedule.

**ARTICLE IV**

**Service Volumes**

The Company agrees to transport such quantity of gas that Customer makes available from time to time; provided, however, that Company shall not be obligated to transport and deliver more than \_\_\_\_\_ DT per day, the Scheduled Daily Delivery.

**ARTICLE V**

**No Priority**

Customer and Company recognize and agree that the provision of service under Rate Schedule ITS by the Company shall not afford the Customer any benefit or priority of entitlement to service under any other rate schedule of the Company. Should the Customer apply for service under any other rate schedule of the Company, the Customer will be treated no differently from any other applicant for service similarly situated under similar conditions.

**ARTICLE VI**

**Alternate Fuel Capability**

Customer certifies that its alternate fuel capability is \_\_\_\_\_.

**ARTICLE VII**

**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 138**

**STANDARD GAS SERVICE AGREEMENT (ITS)**

(Continued)

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff for Gas Service, B.P.U.N.J. No. ~~44-15~~ - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party here-under relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve customer from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE VII**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto solely for the transportation of gas by the Company to the Customer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any further default or defaults, whether of a like or a different character.

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Customer without the Consent in writing of Company first obtained.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 140**

**STANDARD GAS SERVICE AGREEMENT (IGS)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_ hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule(s) \_\_\_\_\_ at \_\_\_\_\_, as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of gas hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other at least six (6) months prior to the end of any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. ~~14-15~~ - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the Rate Schedule contracted for herein.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 141**

**STANDARD GAS SERVICE AGREEMENT (IGS)**

(Continued)

**ARTICLE IV**  
**Service Volumes**

For service rendered under Rate Schedule IGS:

For the purpose of providing criteria for the proration of available supplies, Buyer hereby indicates its minimum and maximum capability of accepting IGS Service:

- a. Minimum capability \_\_\_\_\_ Mcf per day.
- b. Maximum capability \_\_\_\_\_ Mcf per day.

Customer certifies that the alternate fuel capability is \_\_\_\_\_.

**ARTICLE V**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. ~~14-15~~ - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 144**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

(Continued)

**ARTICLE IV**

**Buyer Security Deposit**

Seller may require from Buyer a security deposit which will be due before the commencement of gas service. This deposit will be equal to the estimated amount of two (2) monthly billings for Buyers served under Rate Schedule EGS-LV and intending to utilize Rider D and for Rate Schedule EGS Firm Transportation customers and three (3) monthly billings for Buyers intending to utilize the Company's gas supply.

**ARTICLE V**

**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE VI**

**Tariff for Gas Service**

All terms and conditions set forth in Seller's Tariff for Gas Service B.P.U.N.J. No. ~~14~~15 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff for Gas Service and more specifically by the conditions contained in the Rate Schedule contracted for herein.

**ARTICLE VII**

**Service Volumes**

1. For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demands shall be:
  - a. Firm - \_\_\_\_\_ Mcf per day, to be the first gas through the meter each day.
  - b. Limited Firm - \_\_\_\_\_ Mcf per day, to be the next gas through the meter each day.
2. Buyer hereby elects, by signing in the space below to provide its own gas pursuant to Rider D. All or any portion of Buyer's Firm Daily Contract Demand and Limited Firm Daily Contract Demand, pursuant to this Article VII of the Standard Gas Service Agreement (EGS), may be met through Rider D, and Seller has no obligation to sell gas to Buyer under any other article, paragraph or provision of Rate Schedule EGS-LV or the Standard Gas Service Agreement (EGS).

Buyer hereby elects Rider D \_\_\_\_\_ .

For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demand levels provided pursuant to Rider D shall be:

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 146**

**STANDARD GAS SERVICE AGREEMENT (EGS)**

(Continued)

**ARTICLE IX**

**Election**

By checking the box at the end of this sentence, customer elects to take balancing service under Rider "I", rather than under Rider "J" to this Tariff. ☐

**ARTICLE X**

**Opt-Out Provision**

Buyer (a Rate Schedule EGS-LV customer) hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide its own interstate pipeline capacity and gas supply to Seller's City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rider "I". If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rider "I". Buyer will be subject to the opt-out provisions provided for in the Company's tariff.

\_\_\_\_\_  
Initials

**ARTICLE XI**

**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff for Gas Service, B.P.U.N.J. No. ~~14~~15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE XII**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

\_\_\_\_\_  
Issued  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 – GAS**

**Original Sheet No. 148**

**STANDARD GAS SERVICE AGREEMENT (FES)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_ and hereinafter referred to as "Buyer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule FES \_\_\_\_\_ at \_\_\_\_\_, which is Buyer's FES Facility, as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of gas hereunder shall continue until \_\_\_\_\_, and subject to Seller's possession of an adequate supply of gas, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of the initial term or any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulation of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. ~~14-15~~ - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in the rate schedules contracted for herein.

**ARTICLE IV**  
**Service Volumes**

**Firm:**

Seller hereby agrees to sell and deliver to Buyer and Buyer agrees to pay for in accordance with provisions of the tariff:

- (1) a Winter Daily Contract Demand of \_\_\_\_\_ Mcf per day;
- (2) a Summer Daily Contract Demand of \_\_\_\_\_ MCF per day.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 150**

**STANDARD GAS SERVICE AGREEMENT (FES)**

(Continued)

The Company agrees to deliver such quantity of gas that Customer makes available from time to time: provided, however, Company shall not be obligated on a daily basis to deliver more than customer's Winter Daily Contract Demand or Summer Daily Contract Demand for the then applicable season.

**ARTICLE VIII**

**Opt-Out Provision**

Buyer (a Rate Schedule FES customer) hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide its own interstate pipeline capacity and gas supply to Seller's City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rider "I". If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rider "I". Buyer will be subject to the opt-out provisions provided for in the Company's tariff.

\_\_\_\_\_  
Initials

**ARTICLE IX**

**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. ~~14-15~~- Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

**ARTICLE X**

**Miscellaneous**

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements for firm service, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

\_\_\_\_\_  
Issued  
by South Jersey Gas Company,  
B. Schomber, President

\_\_\_\_\_  
Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 152**

**STANDARD GAS SERVICE AGREEMENT (NGV)**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and \_\_\_\_\_, hereinafter referred to as "Buyer" or "Customer".

**WITNESSETH:**

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule Natural Gas Vehicle (NGV) Firm Sales Service ☒ Rate Schedule Natural Gas Vehicle (NGV) Firm Transportation Service ☐ at \_\_\_\_\_, as follows:

**ARTICLE I**  
**Term of Agreement**

This Agreement shall commence \_\_\_\_\_ and be effective from the date hereof and the sale and purchase of services hereunder shall continue until \_\_\_\_\_, a date which is at least twelve (12) months from the commencement, and subject to Seller's possession of an adequate supply of gas as to Firm Sales Service; and subject to Seller's possession of adequate system capacity as to Firm Transportation Service, shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term.

**ARTICLE II**  
**Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE III**  
**Tariff For Gas Service**

All terms and conditions set forth in Seller's Tariff For Gas Service B.P.U.N.J. No. ~~14-15~~ - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff For Gas Service and more specifically by the conditions contained in Rate Schedule Natural Gas Vehicle (NGV).

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 15 - GAS**

**Original Sheet No. 154**

**STANDARD GAS SERVICE AGREEMENT (NGV)**  
(Continued)

**ARTICLE VII**  
**Force Majeure**

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff For Gas Service, B.P.U.N.J. No. ~~14~~15 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 15 - GAS

Original Sheet No. 156

AGREEMENT NO. :

AGGREGATOR/MARKETER'S AGREEMENT (A/M)

This Aggregator/Marketer (A/M) Agreement ("A/M Agreement") entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between South Jersey Gas Company, a New Jersey corporation, sometimes hereinafter referred to as "Seller", "South Jersey" or the "Company" and \_\_\_\_\_, a \_\_\_\_\_ corporation whose principal place of business is located at \_\_\_\_\_, and who transacts business as an Aggregator of gas or as a Marketer of gas, sometimes collectively hereinafter referred to as "Aggregator/Marketer". South Jersey and the Aggregator/Marketer are parties to this Agreement, and are sometimes hereinafter referred to as "Parties."

WHEREAS, South Jersey is a regulated public utility of the State of New Jersey under the jurisdiction of the New Jersey Board of Public Utilities (the "Board"), and is engaged in the sale, distribution and transportation of gas in intrastate commerce within said State; and

WHEREAS, the Aggregator/Marketer has arranged for the delivery of gas to a City Gate Station of South Jersey, on behalf of certain customers ("Customers") identified on Appendix A to this A/M Agreement. A customer group is defined as either a group of customers served under a single Rate Schedule or a group of customers served pursuant to Rider "I" Balancing Service Clause - Large Volume; and

WHEREAS, each Customer Group will consist of Customers served pursuant to a single Rate Schedule of the South Jersey's Board approved Tariff for Gas Service, B.P.U.N.J. No. ~~14-15~~ - Gas ("Tariff for Gas Service") and will be designated on Appendix A by reference to that Rate Schedule;

WHEREAS, the Customers who constitute the members of the Customer Groups have requested that South Jersey transport gas for the Customers on an aggregated basis, as part of said Customer Groups; and

WHEREAS, the Company has agreed to perform such transportation of gas, subject to the terms of this A/M Agreement.

NOW, THEREFORE, the Parties, intending to be legally bound hereby, in exchange for the mutual promises contained herein; agree as follows:

1. **Term.** The term of this A/M Agreement shall be one year from the date of this A/M Agreement, and shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other at least thirty (30) days prior to the effective date of any termination.

2. **Aggregation.** Attached hereto as Appendix A is a list of those Customers comprising the initial Customer Groups pursuant to the terms of this A/M Agreement, if such groups exist. On or before the tenth (10th) day of each calendar month, the Aggregator/Marketer shall provide the Company with a revised Appendix A in which the Aggregator/Marketer will designate those Customers who will be members of the Customer Groups for the immediately following calendar month. This list will be furnished on a preliminary basis. The Company may then advise the Aggregator/Marketer of any members of the Customer Groups who have been removed from the Customer Groups for cause pursuant to the terms of this A/M Agreement, as well as any Customers who have advised the Company that they have "opted out" of

Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. \_\_\_\_\_ of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

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

Page 1

| <b>RESIDENTIAL GAS SERVICE (RSG) - NONHEAT CUSTOMER</b>                              |              |                 |                     |                    |
|--------------------------------------------------------------------------------------|--------------|-----------------|---------------------|--------------------|
|                                                                                      | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| <b>CUSTOMER CHARGE</b>                                                               |              | 13.000000       | 0.861250            | <b>13.861250</b>   |
| <b>DISTRIBUTION CHARGE (per therm):</b>                                              |              | 1.051470        | 0.069660            | <b>1.121130</b>    |
| <b>CONSOLIDATED ADJUSTMENT CHARGE (per therm):</b>                                   |              |                 |                     |                    |
| IIP                                                                                  | B            | 0.021494        | 0.001424            | 0.022918           |
| TIC                                                                                  | C            | 0.000937        | 0.000062            | 0.000999           |
| SBC:                                                                                 |              |                 |                     |                    |
| RAC                                                                                  | E, G         | 0.061162        | 0.004052            | 0.065214           |
| CLEP                                                                                 | E, K         | 0.039198        | 0.002597            | 0.041795           |
| USF                                                                                  | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC                                                                            |              | 0.124860        | 0.008349            | 0.133209           |
| CIP                                                                                  | M            | 0.015703        | 0.001040            | 0.016743           |
| EET                                                                                  | N            | 0.055746        | 0.003693            | 0.059439           |
| Balancing Service Charge BS-1                                                        | J            | 0.064322        | 0.004261            | 0.068583           |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only) | J            |                 |                     | Rate Set Monthly   |
| <b>Total Consolidated Adjustment Charge</b>                                          |              | 0.283062        | 0.018829            | <b>0.301891</b>    |
| <b>BGSS: (Applicable To Sales Customers Only)</b>                                    | A            | 0.372009        | 0.024646            | <b>0.396655</b>    |

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

Page 2

| <b>RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER</b>                                 |                     |                    |                            |                           |
|--------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                                      | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>CUSTOMER CHARGE</u></b>                                                        |                     | 13.000000          | 0.861250                   | <b>13.861250</b>          |
| <b><u>DISTRIBUTION CHARGE (per therm):</u></b>                                       |                     | 1.051470           | 0.069660                   | <b>1.121130</b>           |
| <b><u>CONSOLIDATED ADJUSTMENT CHARGE (per therm):</u></b>                            |                     |                    |                            |                           |
| IIP                                                                                  | B                   | 0.021494           | 0.001424                   | 0.022918                  |
| TIC                                                                                  | C                   | 0.000937           | 0.000062                   | 0.000999                  |
| SBC:                                                                                 |                     |                    |                            |                           |
| RAC                                                                                  | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                 | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                  | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                            |                     | 0.124860           | 0.008349                   | 0.133209                  |
| CIP                                                                                  | M                   | 0.120386           | 0.007976                   | 0.128362                  |
| EET                                                                                  | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Balancing Service Charge BS-1                                                        | J                   | 0.064322           | 0.004261                   | 0.068583                  |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only) | J                   |                    |                            | Rate Set Monthly          |
| <b>Total Consolidated Adjustment Charge</b>                                          |                     | 0.387745           | 0.025765                   | <b>0.413510</b>           |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                             | A                   | 0.372009           | 0.024646                   | <b>0.396655</b>           |

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

Page 3

| <b>GENERAL SERVICE (GSG)</b>                                                                    |              |                 |                     |                         |
|-------------------------------------------------------------------------------------------------|--------------|-----------------|---------------------|-------------------------|
|                                                                                                 | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>      |
| <b><u>CUSTOMER CHARGE</u></b>                                                                   |              | 49.500000       | 3.279375            | <b>52.779375</b>        |
| <b><u>DISTRIBUTION CHARGE (per therm):</u></b>                                                  |              | 0.850979        | 0.056377            | <b>0.907356</b>         |
| <b><u>CONSOLIDATED ADJUSTMENT CHARGE (per therm):</u></b>                                       |              |                 |                     |                         |
| IIP                                                                                             | B            | 0.017131        | 0.001135            | 0.018266                |
| TIC                                                                                             | C            | 0.000937        | 0.000062            | 0.000999                |
| SBC:                                                                                            |              |                 |                     |                         |
| RAC                                                                                             | E, G         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                            | E, K         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                             | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC                                                                                       |              | 0.124860        | 0.008349            | 0.133209                |
| CIP                                                                                             | M            | 0.072096        | 0.004776            | 0.076872                |
| EET                                                                                             | N            | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Consolidated Adjustment Charge</b>                                                     |              | 0.270770        | 0.018015            | <b>0.288785</b>         |
| Balancing Service Charge BS-1                                                                   | J            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)            | J            |                 |                     | Rate Set Monthly        |
| <b><u>BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)</u></b>  | A            | 0.372009        | 0.024646            | <b>0.396655</b>         |
| <b><u>BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)</u></b> | A            |                 |                     | <b>RATE SET MONTHLY</b> |

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

Page 4

| <b>GENERAL SERVICE-LV (GSG-LV)</b>                                                   |              |                 |                     |                         |
|--------------------------------------------------------------------------------------|--------------|-----------------|---------------------|-------------------------|
|                                                                                      | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>      |
| <b><u>CUSTOMER CHARGE</u></b>                                                        |              | 320.000000      | 21.200000           | <b>341.200000</b>       |
| <b><u>D-1 Demand Charge (Mcf)</u></b>                                                |              | 13.500000       | 0.894375            | <b>14.394375</b>        |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                           |              |                 |                     |                         |
| Base Rate                                                                            |              | 0.449318        | 0.029767            | 0.479085                |
| IIP                                                                                  | B            | 0.009657        | 0.000640            | 0.010297                |
| TIC                                                                                  | C            | 0.000937        | 0.000062            | 0.000999                |
| SBC:                                                                                 |              |                 |                     |                         |
| RAC                                                                                  | E, G         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                 | E, K         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                  | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC                                                                            |              | 0.124860        | 0.008349            | 0.133209                |
| CIP                                                                                  | M            | 0.045270        | 0.002999            | 0.048269                |
| EET                                                                                  | N            | 0.055746        | 0.003693            | 0.059439                |
| Balancing Service Charge BS-1                                                        | J            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only) | J            |                 |                     | Rate Set Monthly        |
| <b>Total Delivery Charge</b>                                                         |              | 0.750110        | 0.049771            | <b>0.799881</b>         |
| <b><u>BGSS: (Applicable Sales Customers Only)</u></b>                                | A            |                 |                     | <b>RATE SET MONTHLY</b> |

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

Page 5

| <b>COMPREHENSIVE TRANSPORTATION SERVICE (CTS)</b> |              |                 |                     |                     |
|---------------------------------------------------|--------------|-----------------|---------------------|---------------------|
|                                                   | <u>RIDER</u> | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>  |
| <b>FIRM</b>                                       |              |                 |                     |                     |
| <b><u>CUSTOMER CHARGE</u></b>                     |              | 1,025.000000    | 67.906250           | <b>1,092.906250</b> |
| <b><u>D-1 Demand Charge (Mcf)</u></b>             |              | 42.500000       | 2.815625            | <b>45.315625</b>    |
| <b><u>DELIVERY CHARGE (per therm):</u></b>        |              |                 |                     |                     |
| Base Rate                                         |              | 0.101702        | 0.006738            | 0.108440            |
| IIP                                               | B            | 0.005974        | 0.000396            | 0.006370            |
| SBC:                                              |              |                 |                     |                     |
| RAC                                               | E, G         | 0.061162        | 0.004052            | 0.065214            |
| CLEP                                              | E, K         | 0.039198        | 0.002597            | 0.041795            |
| USF                                               | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>     |
| Total SBC                                         |              | 0.124860        | 0.008349            | 0.133209            |
| EET                                               | N            | 0.055746        | 0.003693            | 0.059439            |
| <b>Total Delivery Charge</b>                      |              | 0.288282        | 0.019176            | <b>0.307458</b>     |
| Balancing Service Charge BS-1                     | I            | 0.064322        | 0.004261            | 0.068583            |
| Balancing Service Charge BS-1 (Opt Out Provision) | I            | 0.002276        | 0.000151            | 0.002427            |
| BUY-OUT PRICE                                     |              |                 |                     | RATE SET MONTHLY    |
| <b>LIMITED FIRM</b>                               |              |                 |                     |                     |
| <b><u>CUSTOMER CHARGE</u></b>                     |              | 575.000000      | 38.093750           | <b>613.093750</b>   |
| <b><u>DELIVERY CHARGE (per therm):</u></b>        |              |                 |                     |                     |
| Base Rate                                         |              | 0.058400        | 0.003900            | 0.062300            |
| SBC:                                              |              |                 |                     |                     |
| RAC                                               | E, G         | 0.061162        | 0.004052            | 0.065214            |
| CLEP                                              | E, K         | 0.039198        | 0.002597            | 0.041795            |
| USF                                               | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>     |
| Total SBC                                         |              | 0.124860        | 0.008349            | 0.133209            |
| EET                                               | N            | 0.055746        | 0.003693            | 0.059439            |
| <b>Total Delivery Charge</b>                      |              | 0.239006        | 0.015942            | <b>0.254948</b>     |
| Balancing Service Charge BS-1                     | I            | 0.064322        | 0.004261            | 0.068583            |
| Balancing Service Charge BS-1 (Opt Out Provision) | I            | 0.002276        | 0.000151            | 0.002427            |
| BUY-OUT PRICE                                     |              |                 |                     | RATE SET MONTHLY    |

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

Page 6

| <b><u>LARGE VOLUME SERVICE (LVS)</u></b>                                                        |                     |                    |                            |                           |
|-------------------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                                                 | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>FIRM</u></b>                                                                              |                     |                    |                            |                           |
| <b><u>CUSTOMER CHARGE</u></b>                                                                   |                     | 1,425.000000       | 94.406250                  | <b>1,519.406250</b>       |
| <b><u>D-1 Demand Charge (Mcf)</u></b>                                                           |                     | 24.750000          | 1.639688                   | <b>26.389688</b>          |
| <b><u>D-2 DEMAND BGSS(Applicable to Sales Customers Only)</u></b>                               | A                   | 15.469649          | 1.024864                   | <b>16.494513</b>          |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                      |                     |                    |                            |                           |
| Base Rate                                                                                       |                     | 0.072664           | 0.004814                   | 0.077478                  |
| IIP                                                                                             | B                   | 0.003113           | 0.000206                   | 0.003319                  |
| SBC:                                                                                            |                     |                    |                            |                           |
| RAC                                                                                             | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                            | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                             | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                                       |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                                             | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| <b>Total Delivery Charge</b>                                                                    |                     | 0.256383           | 0.017062                   | <b>0.273445</b>           |
| Balancing Service Charge BS-1                                                                   | I                   | 0.064322           | 0.004261                   | 0.068583                  |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only) | I                   | 0.002276           | 0.000151                   | 0.002427                  |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable Transportation Customers Only)    | I                   |                    |                            | RATE SET MONTHLY          |
| <b><u>BGSS: (Applicable Sales Customers Only)</u></b>                                           | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |
| <b><u>LIMITED FIRM</u></b>                                                                      |                     |                    |                            |                           |
| <b><u>CUSTOMER CHARGE</u></b>                                                                   |                     | 575.000000         | 38.093750                  | <b>613.093750</b>         |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                      |                     |                    |                            |                           |
| Base Rate                                                                                       |                     | 0.177488           | 0.011759                   | 0.189247                  |
| IIP                                                                                             | B                   | 0.003113           | 0.000206                   | 0.003319                  |
| SBC:                                                                                            |                     |                    |                            |                           |
| RAC                                                                                             | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                            | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                             | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                                       |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                                             | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| <b>Total Delivery Charge</b>                                                                    |                     | 0.361207           | 0.024007                   | <b>0.385214</b>           |
| Balancing Service Charge BS-1                                                                   | I                   | 0.064322           | 0.004261                   | 0.068583                  |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only) | I                   | 0.002276           | 0.000151                   | 0.002427                  |
| BUY-OUT PRICE                                                                                   | I                   |                    |                            | RATE SET MONTHLY          |

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

Page 7

| <b>FIRM ELECTRIC SALES (FES)</b>                                                                    |                     |                    |                            |                           |
|-----------------------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                                                     | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>WINTER</u></b>                                                                                |                     |                    |                            |                           |
| <b><u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u></b>              |                     | 2.897200           | 0.191900                   | <b>3.089100</b>           |
| <b><u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u></b>                             | A                   | 7.734825           | 0.512432                   | <b>8.247257</b>           |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                          |                     |                    |                            |                           |
| SBC:                                                                                                |                     |                    |                            |                           |
| RAC                                                                                                 | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                                | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                                 | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                                                           |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                                                 | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Total Delivery Charge                                                                               |                     | 0.180606           | 0.012042                   | <b>0.192648</b>           |
| <b><u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u></b>                |                     | 0.162900           | 0.010800                   | <b>0.173700</b>           |
| <b><u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u></b>           |                     |                    |                            | <b>RATE SET MONTHLY</b>   |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I                   |                    |                            | RATE SET MONTHLY          |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                                            | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |
| <b><u>SUMMER</u></b>                                                                                |                     |                    |                            |                           |
| <b><u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u></b>              |                     | 2.897200           | 0.191900                   | <b>3.089100</b>           |
| <b><u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u></b>                             | A                   | 7.734825           | 0.512432                   | <b>8.247257</b>           |
| SBC:                                                                                                |                     |                    |                            |                           |
| RAC                                                                                                 | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                                                | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                                                 | E                   | 0.024500           | 0.001700                   | 0.026200                  |
| EET                                                                                                 | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Total Delivery Charge                                                                               |                     | 0.180606           | 0.012042                   | <b>0.192648</b>           |
| <b><u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u></b>                |                     | 0.162900           | 0.010800                   | <b>0.173700</b>           |
| <b><u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u></b>           |                     |                    |                            | <b>RATE SET MONTHLY</b>   |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I                   |                    |                            | RATE SET MONTHLY          |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                                            | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |



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

Page 8

**ELECTRIC GENERATION SERVICE (EGS) - RESIDENTIAL**

|                                                          | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
|----------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
| <b><u>CUSTOMER CHARGE</u></b>                            |                     | 13.000000          | 0.861250                   | <b>13.861250</b>          |
| <b><u>DELIVERY CHARGE (per therm):</u></b>               |                     |                    |                            |                           |
| Base Rate                                                |                     | 0.217420           | 0.014404                   | 0.231824                  |
| IIP                                                      | B                   | 0.004178           | 0.000277                   | 0.004455                  |
| SBC:                                                     |                     |                    |                            |                           |
| RAC                                                      | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                     | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                      | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                      | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Balancing Service Charge BS-1                            | J                   | 0.064322           | 0.004261                   | 0.068583                  |
| <b>Total Delivery Charge</b>                             |                     | 0.466526           | 0.030984                   | <b>0.497510</b>           |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b> | A                   | 0.372009           | 0.024646                   | <b>0.396655</b>           |

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

Page 9

| <b><u>ELECTRIC GENERATION SERVICE (EGS) - COMMERCIAL/INDUSTRIAL</u></b> |                     |                    |                            |                           |
|-------------------------------------------------------------------------|---------------------|--------------------|----------------------------|---------------------------|
|                                                                         | <b><u>RIDER</u></b> | <b><u>RATE</u></b> | <b><u>NJ SALES TAX</u></b> | <b><u>TARIFF RATE</u></b> |
| <b><u>CUSTOMER CHARGE</u></b>                                           |                     | 105.000000         | 6.956250                   | <b>111.956250</b>         |
| <b><u>D-1 DEMAND (MCF)</u></b>                                          |                     | 10.500000          | 0.695625                   | <b>11.195625</b>          |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                              |                     |                    |                            |                           |
| Base Rate - Winter Season (Nov - Mar)                                   |                     | 0.199067           | 0.013188                   | 0.212255                  |
| Base Rate - Summer Season (Apr - Oct)                                   |                     | 0.169067           | 0.011201                   | 0.180268                  |
| IIP                                                                     | B                   | 0.004178           | 0.000277                   | 0.004455                  |
| SBC:                                                                    |                     |                    |                            |                           |
| RAC                                                                     | E, G                | 0.061162           | 0.004052                   | 0.065214                  |
| CLEP                                                                    | E, K                | 0.039198           | 0.002597                   | 0.041795                  |
| USF                                                                     | E                   | <u>0.024500</u>    | <u>0.001700</u>            | <u>0.026200</u>           |
| Total SBC                                                               |                     | 0.124860           | 0.008349                   | 0.133209                  |
| EET                                                                     | N                   | 0.055746           | 0.003693                   | 0.059439                  |
| Balancing Service Charge BS-1                                           | J                   | 0.064322           | 0.004261                   | 0.068583                  |
| Total Delivery Charge - Winter Season                                   |                     | 0.448173           | 0.029768                   | <b>0.477941</b>           |
| Total Delivery Charge - Summer Season                                   |                     | 0.418173           | 0.027781                   | <b>0.445954</b>           |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                | A                   |                    |                            | <b>RATE SET MONTHLY</b>   |

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

Page 10

| <b>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</b>                                                      |              |                 |                     |                         |
|-----------------------------------------------------------------------------------------------------|--------------|-----------------|---------------------|-------------------------|
|                                                                                                     | <b>RIDER</b> | <b>RATE</b>     | <b>NJ SALES TAX</b> | <b>TARIFF RATE</b>      |
| <b>FIRM</b>                                                                                         |              |                 |                     |                         |
| <b>CUSTOMER CHARGE</b>                                                                              |              | 1025.000000     | 67.906250           | <b>1092.906250</b>      |
| <b>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</b>                     |              | 33.018881       | 2.187501            | <b>35.206382</b>        |
| <b>D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)</b>                                   | A            | 15.546022       | 1.029924            | <b>16.575946</b>        |
| <b>DELIVERY CHARGE (per therm):</b>                                                                 |              |                 |                     |                         |
| IIP                                                                                                 | B            | 0.000532        | 0.000035            | 0.000567                |
| SBC:                                                                                                |              |                 |                     |                         |
| RAC                                                                                                 | E, G         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                | E, K         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                 | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
|                                                                                                     |              | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                 | N            | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Delivery Charge</b>                                                                        |              | 0.181138        | 0.012077            | <b>0.193215</b>         |
| Balancing Service Charge BS-1                                                                       | I            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision)                                                   | I            | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I            |                 |                     | RATE SET MONTHLY        |
| <b>BGSS: (Applicable To Sales Customers Only)</b>                                                   | A            |                 |                     | <b>RATE SET MONTHLY</b> |
| <b>LIMITED FIRM</b>                                                                                 |              |                 |                     |                         |
| <b>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</b>                                    | A            | 7.734825        | 0.512432            | <b>8.247257</b>         |
| <b>DELIVERY CHARGE (per therm):</b>                                                                 |              |                 |                     |                         |
| SBC:                                                                                                |              |                 |                     |                         |
| RAC                                                                                                 | E, K         | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                | E, G         | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                 | E            | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
|                                                                                                     |              | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                 | N            | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Delivery Charge</b>                                                                        |              | 0.180606        | 0.012042            | <b>0.192648</b>         |
| <b>C-3 (Rate is negotiated. Shown here is the benchmark rate.)</b>                                  |              | 0.162900        | 0.010800            | <b>0.173700</b>         |
| Balancing Service Charge BS-1                                                                       | I            | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision)                                                   | I            | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only) | I            |                 |                     | RATE SET MONTHLY        |
| <b>BGSS: (Applicable To Sales Customers Only)</b>                                                   | A            |                 |                     | <b>RATE SET MONTHLY</b> |

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

| <u>YARD LIGHTING SERVICE (YLS)</u>   |              |             |                     |                    |
|--------------------------------------|--------------|-------------|---------------------|--------------------|
|                                      | <u>RIDER</u> | <u>RATE</u> | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| MONTHLY CHARGE / INSTALL             |              | 18.102871   | 1.199315            | 19.302186          |
| <u>STREET LIGHTING SERVICE (SLS)</u> |              |             |                     |                    |
| MONTHLY CHARGE / INSTALL             |              | 21.471814   | 1.422508            | 22.894322          |
| <u>INTERRUPTIBLE GAS SALES (IGS)</u> |              |             |                     |                    |
| Commodity                            |              |             |                     | Rate Set Monthly   |
| SBC:                                 |              |             |                     |                    |
| RAC                                  | E, K         | 0.061162    | 0.004052            | 0.065214           |
| USF                                  | E            | 0.024500    | 0.001700            | 0.026200           |
| Total SBC:                           |              | 0.085662    | 0.005752            | 0.091414           |
| EET                                  | N            | 0.055746    | 0.003693            | 0.059439           |

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

Page 12

| <u>INTERRUPTIBLE TRANSPORTATION (ITS)</u> |              |                   |                     |                    |
|-------------------------------------------|--------------|-------------------|---------------------|--------------------|
|                                           | <u>RIDER</u> | <u>RATE</u>       | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u> |
| <b><u>CUSTOMER CHARGE</u></b>             |              | <b>575.000000</b> | <b>38.093750</b>    | <b>613.093750</b>  |
| <b><u>TRANSPORTATION CHARGE A</u></b>     |              | <b>0.128400</b>   | <b>0.008507</b>     | <b>0.136907</b>    |
| SBC:                                      |              |                   |                     |                    |
| RAC                                       | E, K         | 0.061162          | 0.004052            | 0.065214           |
| CLEP                                      | E, G         | 0.039198          | 0.002597            | 0.041795           |
| USF                                       | E            | <u>0.024500</u>   | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC:                                |              | 0.124860          | 0.008349            | 0.133209           |
| EET                                       | N            | 0.055746          | 0.003693            | 0.059439           |
| <b><u>TRANSPORTATION CHARGE B</u></b>     |              | <b>0.193200</b>   | <b>0.012800</b>     | <b>0.206000</b>    |
| SBC:                                      |              |                   |                     |                    |
| RAC                                       | E, K         | 0.061162          | 0.004052            | 0.065214           |
| CLEP                                      | E, G         | 0.039198          | 0.002597            | 0.041795           |
| USF                                       | E            | <u>0.024500</u>   | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC:                                |              | 0.124860          | 0.008349            | 0.133209           |
| EET                                       | N            | 0.055746          | 0.003693            | 0.059439           |
| <b><u>TRANSPORTATION CHARGE C</u></b>     |              | <b>0.253200</b>   | <b>0.016775</b>     | <b>0.269975</b>    |
| SBC:                                      |              |                   |                     |                    |
| RAC                                       | E, K         | 0.061162          | 0.004052            | 0.065214           |
| CLEP                                      | E, G         | 0.039198          | 0.002597            | 0.041795           |
| USF                                       | E            | <u>0.024500</u>   | <u>0.001700</u>     | <u>0.026200</u>    |
| Total SBC:                                |              | 0.124860          | 0.008349            | 0.133209           |
| EET                                       | N            | 0.055746          | 0.003693            | 0.059439           |

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

Page 13

**NATURAL GAS VEHICLE (NGV)**

|                                                                                                                                                                                  |      | <u>RATE</u>     | <u>NJ SALES TAX</u> | <u>TARIFF RATE</u>      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|---------------------|-------------------------|
| <b><u>COMPANY OPERATED FUELING STATIONS</u></b>                                                                                                                                  |      |                 |                     |                         |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                                                                                                       |      |                 |                     |                         |
| IIP                                                                                                                                                                              | B    | 0.007438        | 0.000493            | 0.007931                |
| SBC                                                                                                                                                                              |      |                 |                     |                         |
| RAC                                                                                                                                                                              | E, K | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                                                                                             | E, G | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                                                                                              | E    | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC:                                                                                                                                                                       |      | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                                                                                              | N    | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Delivery Charge</b>                                                                                                                                                     |      | 0.188044        | 0.012535            | <b>0.200579</b>         |
| <b><u>DISTRIBUTION CHARGE</u></b>                                                                                                                                                |      | 0.297805        | 0.0197300           | <b>0.317535</b>         |
| <b><u>COMPRESSION CHARGE</u></b>                                                                                                                                                 |      | 0.720000        | 0.0477000           | <b>0.767700</b>         |
| Balancing Service Charge BS-1                                                                                                                                                    | I    | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)                                                                                 | I    | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge BS-1                                                                                                                                                    | J    | 0.064322        | 0.004261            | 0.068583                |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                                                                                                                         | A    |                 |                     | <b>RATE SET MONTHLY</b> |
| <b><u>CUSTOMER OPERATED FUELING STATIONS</u></b>                                                                                                                                 |      |                 |                     |                         |
| <b><u>CUSTOMER CHARGE</u></b>                                                                                                                                                    |      |                 |                     |                         |
| 0 - 999 CF/hour                                                                                                                                                                  |      | 37.500000       | 2.484400            | <b>39.984400</b>        |
| 1,000 - 4,999 CF/hour                                                                                                                                                            |      | 75.000000       | 4.968800            | <b>79.968800</b>        |
| 5,000 - 24,999 CF/hour                                                                                                                                                           |      | 265.000000      | 17.556300           | <b>282.556300</b>       |
| 25,000 or Greater CF/hour                                                                                                                                                        |      | 1,025.000000    | 67.906250           | <b>1,092.906250</b>     |
| <b><u>DELIVERY CHARGE (per therm):</u></b>                                                                                                                                       |      |                 |                     |                         |
| IIP                                                                                                                                                                              | B    | 0.007438        | 0.000493            | 0.007931                |
| SBC                                                                                                                                                                              |      |                 |                     |                         |
| RAC                                                                                                                                                                              | E, K | 0.061162        | 0.004052            | 0.065214                |
| CLEP                                                                                                                                                                             | E, G | 0.039198        | 0.002597            | 0.041795                |
| USF                                                                                                                                                                              | E    | <u>0.024500</u> | <u>0.001700</u>     | <u>0.026200</u>         |
| Total SBC:                                                                                                                                                                       |      | 0.124860        | 0.008349            | 0.133209                |
| EET                                                                                                                                                                              | N    | 0.055746        | 0.003693            | 0.059439                |
| <b>Total Delivery Charge</b>                                                                                                                                                     |      | 0.188044        | 0.012535            | <b>0.200579</b>         |
| <b><u>DISTRIBUTION CHARGE</u></b>                                                                                                                                                |      | 0.297805        | 0.0197300           | <b>0.317535</b>         |
| Balancing Service Charge BS-1                                                                                                                                                    | I    | 0.064322        | 0.004261            | 0.068583                |
| Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)                                                                                 | I    | 0.002276        | 0.000151            | 0.002427                |
| Balancing Service Charge BS-1                                                                                                                                                    | J    | 0.064322        | 0.004261            | 0.068583                |
| <b><u>BGSS: (Applicable To Sales Customers Only)</u></b>                                                                                                                         | A    |                 |                     | <b>RATE SET MONTHLY</b> |
| <b><u>Facilities Charge (Applicable only to Customers that elect the Company construct Compressed Natural Gas ("CNG") fueling Facilities located on Customer's property)</u></b> |      | 0.318897        | 0.021127            | <b>0.340024</b>         |

SOUTH JERSEY GAS COMPANY  
Appendix A - Effective

Page 14

**Heat Residential Rate Schedule:**

|                  | <i>RSG FSS</i> | <i>RSG-FTS</i> | <i>Difference</i> |
|------------------|----------------|----------------|-------------------|
| BGSS             | 0.396655       | 0.000000       | 0.396655          |
| Base Rate        | 1.121130       | 1.121130       | 0.000000          |
| IIP              | 0.022918       | 0.022918       | 0.000000          |
| CLEP             | 0.041795       | 0.041795       | 0.000000          |
| RAC              | 0.065214       | 0.065214       | 0.000000          |
| CIP              | 0.128362       | 0.128362       | 0.000000          |
| USF              | 0.026200       | 0.026200       | 0.000000          |
| TIC              | 0.000999       | 0.000999       | 0.000000          |
| EET              | 0.059439       | 0.059439       | 0.000000          |
| BSC "J" BS-1     | 0.068583       | 0.068583       | 0.000000          |
| Price to Compare | 1.931295       | 1.534640       | 0.396655          |

**NonHeat Residential Rate Schedule:**

|                  | <i>RSG FSS</i> | <i>RSG-FTS</i> | <i>Difference</i> |
|------------------|----------------|----------------|-------------------|
| BGSS             | 0.396655       | 0.000000       | 0.396655          |
| CIP              | 0.016743       | 0.016743       | 0.000000          |
| Base Rate        | 1.121130       | 1.121130       | 0.000000          |
| IIP              | 0.022918       | 0.022918       | 0.000000          |
| CLEP             | 0.041795       | 0.041795       | 0.000000          |
| RAC              | 0.065214       | 0.065214       | 0.000000          |
| USF              | 0.026200       | 0.026200       | 0.000000          |
| TIC              | 0.000999       | 0.000999       | 0.000000          |
| EET              | 0.059439       | 0.059439       | 0.000000          |
| BSC "J" BS-1     | 0.068583       | 0.068583       | 0.000000          |
| Price to Compare | 1.819676       | 1.423021       | 0.396655          |

**GSG**  
(Under 5,000 therms annually)

|                  | <i>GSG FSS</i> | <i>GSG-FTS</i> | <i>Difference</i> |
|------------------|----------------|----------------|-------------------|
| BGSS             | 0.396655       | 0.000000       | 0.396655          |
| CIP              | 0.076872       | 0.076872       | 0.000000          |
| Base Rates       | 0.907356       | 0.907356       | 0.000000          |
| IIP              | 0.018266       | 0.018266       | 0.000000          |
| CLEP             | 0.041795       | 0.041795       | 0.000000          |
| RAC              | 0.065214       | 0.065214       | 0.000000          |
| USF              | 0.026200       | 0.026200       | 0.000000          |
| TIC              | 0.000999       | 0.000999       | 0.000000          |
| EET              | 0.059439       | 0.059439       | 0.000000          |
| BSC "J" BS-1     | 0.068583       | 0.068583       | 0.000000          |
| Price to Compare | 1.661379       | 1.264724       | 0.396655          |

**GSG**  
(5,000 therms annually or greater)

|                  | <i>GSG FSS</i> | <i>GSG-FTS</i> | <i>Difference</i> |
|------------------|----------------|----------------|-------------------|
| BGSS             | 0.566551       | 0.000000       | 0.566551          |
| CIP              | 0.076872       | 0.076872       | 0.000000          |
| Base Rates       | 0.907356       | 0.907356       | 0.000000          |
| IIP              | 0.018266       | 0.018266       | 0.000000          |
| CLEP             | 0.041795       | 0.041795       | 0.000000          |
| RAC              | 0.065214       | 0.065214       | 0.000000          |
| USF              | 0.026200       | 0.026200       | 0.000000          |
| TIC              | 0.000999       | 0.000999       | 0.000000          |
| EET              | 0.059439       | 0.059439       | 0.000000          |
| BSC "J" BS-1     | 0.068583       | 0.068583       | 0.000000          |
| Price to Compare | 1.831275       | 1.264724       | 0.566551          |

**GSG-LV**

|                  | <i>GSG-LV FSS</i> | <i>GSG-LV-FTS</i> | <i>Difference</i> |
|------------------|-------------------|-------------------|-------------------|
| BGSS             | 0.566551          | 0.000000          | 0.566551          |
| CIP              | 0.048269          | 0.048269          | 0.000000          |
| Base Rates       | 0.479085          | 0.479085          | 0.000000          |
| IIP              | 0.010297          | 0.010297          | 0.000000          |
| CLEP             | 0.041795          | 0.041795          | 0.000000          |
| RAC              | 0.065214          | 0.065214          | 0.000000          |
| USF              | 0.026200          | 0.026200          | 0.000000          |
| TIC              | 0.000999          | 0.000999          | 0.000000          |
| EET              | 0.059439          | 0.059439          | 0.000000          |
| BSC "J" BS-1     | 0.068583          | 0.068583          | 0.000000          |
| Price to Compare | 1.366432          | 0.799881          | 0.566551          |

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**THE ENGINEERING PANEL**

**JONATHAN OLIVA  
BRIAN J. RITZ**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-4**

**November 25, 2025**



## **TABLE OF CONTENTS**

|             |                                                                                                               |           |
|-------------|---------------------------------------------------------------------------------------------------------------|-----------|
| <b>I.</b>   | <b>INTRODUCTION.....</b>                                                                                      | <b>1</b>  |
| <b>II.</b>  | <b>PURPOSE OF TESTIMONY .....</b>                                                                             | <b>4</b>  |
| <b>III.</b> | <b>OVERVIEW OF THE COMPANY’S DISTRIBUTION SYSTEM .....</b>                                                    | <b>5</b>  |
| <b>IV.</b>  | <b>UTILITY PLANT IN SERVICE (“UPIS”) / CAPITAL EXPENDITURES.....</b>                                          | <b>6</b>  |
| <b>V.</b>   | <b>PIPELINE INTEGRITY MANAGEMENT (“PIM”) AND DISTRIBUTION<br/>INTEGRITY MANAGEMENT PROGRAM (“DIMP”) .....</b> | <b>28</b> |
| <b>VI.</b>  | <b>THE UTILITY ALIGNMENT PROJECT .....</b>                                                                    | <b>33</b> |
| <b>VII.</b> | <b>SUMMARY .....</b>                                                                                          | <b>34</b> |

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
THE ENGINEERING PANEL**

**I.     INTRODUCTION**

**Q.     PLEASE INTRODUCE THE MEMBERS OF THE PANEL.**

**A.**The members of the Engineering Panel are Jonathan Oliva and Brian J. Ritz.

**Q.     PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.**

**A.**[Mr. Oliva] My name is Jonathan Oliva. I am the Director of Engineering Services for South Jersey Gas Company (“SJG” or “Company”). My business address is One South Jersey Place, Atlantic City, New Jersey 08401.

[Mr. Ritz] My name is Brian J. Ritz. I am Senior Director, Field & Construction Operations for SJG. My business address is One South Jersey Place, Atlantic City, New Jersey 08401.

**Q.     MR. OLIVA, PLEASE DESCRIBE YOUR PROFESSIONAL RESPONSIBILITIES.**

**A.**As Director of Engineering Services, I am responsible for providing leadership and direction for engineering services and utility operational activities including, but not limited to, engineering design and project management, transmission integrity, distribution integrity, system planning and pipeline operations. I also have responsibility for the capital spending and operations spending programs associated with my areas of responsibility.

**Q.     PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.**

**A.**I am a graduate of Rutgers, The State University of New Jersey with a Bachelor of Science Degree in Mechanical Engineering. I began my career in 2010 with SJG where I have been employed for 15 years. I was hired as an Engineering - Project Manager primarily working to design and plan new and replacement gas transmission and elevated distribution

1 pipelines and facilities. In 2012, I became Supervisor of New Business & Compliance  
2 Design, and, in 2013 became Supervisor of Measurement and Regulation responsible for  
3 all gas transmission and elevated distribution maintenance, construction and special  
4 projects. In 2017, I became Manager of Engineering Services, and, in 2024 I was promoted  
5 to Director of Engineering Services where I assumed the responsibility to lead the  
6 engineering services, project management, system planning and transmission pipeline  
7 operations departments. I am a Certified Project Management Professional (PMP) through  
8 the Project Management Institute (PMI) with a license in good standing since 2017 and a  
9 Certified Planning Engineer (CPE) through the American Academy of Project  
10 Management (AIPM) with a certificate in good standing since 2017 as well.

11 **Q. MR. RITZ, PLEASE DESCRIBE YOUR PROFESSIONAL RESPONSIBILITIES.**

12 **A.** As Senior Director, Field & Construction Operations for the Company, I oversee SJG's  
13 project management for the installation of distribution infrastructure by the Company's  
14 construction contractors and internal workforce. I further have oversight of the employees  
15 engaged in the maintenance and emergency repair of SJG's below ground and above  
16 ground distribution infrastructure, including first response. I also have responsibility for  
17 managing the capital and operating budgets related to distribution infrastructure and I  
18 support and provide guidance for the Company's management team in scheduling,  
19 budgeting, forecasting, and executing construction projects.

20 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**  
21 **BACKGROUND.**

22 **A.** I am a 2001 graduate of Rutgers, the State University of New Jersey with a Bachelor of  
23 Science Degree in Civil Engineering. I began my career in July 2001 with Adams,  
24 Rehmann & Heggan Associates Inc., a consulting engineering firm, as an Engineering

1 Project Manager. In December 2007, I began working as a Project Manager with  
 2 Marandino Concrete Company, primarily involved in heavy highway construction. I  
 3 joined the Company in June 2009 as a Construction Supervisor. I became Manager of  
 4 Operations in 2010 and Manager, New Business & Compliance Design in 2017. In July  
 5 2018, I was promoted to General Manager, Contract Construction, and, in April 2019 was  
 6 promoted to Director, Construction Operations. I was promoted to my current role of  
 7 Senior Director, Field & Construction Operations in March 2022.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED OR SUBMITTED TESTIMONY**  
 9 **BEFORE THE BOARD?**

10 **A.** Yes, I previously submitted testimony in the Company's last rate case in BPU Docket No.  
 11 GR22040253<sup>1</sup> as well as in the Company's Infrastructure Investment Program ("SJG IIP")  
 12 in BPU Docket No. GR20110726,<sup>2</sup> as part of the Gas Safety Panel. I have also submitted  
 13 testimony in each of SJG's annual IIP filings in BPU Docket Nos. GR23040269,<sup>3</sup>  
 14 GR24040282,<sup>4</sup> and GR25040221.<sup>5</sup>

---

<sup>1</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions*, BPU Docket No. GR22040253, Order dated December 21, 2022 ("2022 Base Rate Case").

<sup>2</sup> *In the Matter of the Petition of South Jersey Gas Company to Implement an Infrastructure Investment Program ("IIP") and Associated Recovery Mechanism Pursuant to N.J.S.A 48:2-21 and N.J.A.C 14:3-2A*, BPU Docket No. GR20110726, Order dated June 8, 2022 ("IIP Order").

<sup>3</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP")*, BPU Docket No. GR23040269, Order dated September 27, 2023.

<sup>4</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP")*, BPU Docket No. GR24040282, Order dated September 25, 2024.

<sup>5</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP")*, BPU Docket No. GR25040221 (currently pending).

1    **II.    PURPOSE OF TESTIMONY**

2    **Q.    WHAT IS THE PURPOSE OF THE PANEL'S TESTIMONY IN THIS**  
3    **PROCEEDING?**

4    **A.**    Our testimony in this case will address SJG's recovery of capital expenditures incurred  
5    since the Company's prior base rate case. Specifically, we will discuss SJG's capital  
6    expenditures for the twelve-month test year period ending March 31, 2026 and the six  
7    month post-test year period from April 1, 2026 through September 30, 2026, as well as a  
8    description of the categories of expenditures that comprise the capital expenditures forecast  
9    and an explanation of how we ensure that the Company's ongoing capital program is  
10    operated efficiently and effectively. We will also provide an overview of the current SJG  
11    IIP and discuss the Company's accomplishments under this program. In addition, we will  
12    discuss certain elements of the larger capital projects (*i.e.*, projects with a total in-service  
13    cost greater than \$1.5 million) that will be placed in service during the test year and post-  
14    test year periods. Finally, we will provide a brief overview of a Utility Alignment project  
15    forecast to be placed in service in 2028 for which the Company seeks deferral authority in  
16    this proceeding.

17   **Q.    DO YOU SPONSOR ANY SCHEDULES AS PART OF YOUR DIRECT**  
18   **TESTIMONY?**

19   **A.**    Yes. We are sponsoring the following schedules, supporting the Company's capital  
20   expenditures included in rate base, which were prepared by us or under our supervision or  
21   direction:

- 22            • Schedule EP-1 – Utility Plant in Service ("UPIS");
- 23            • Schedule EP-1.1 – IIP Adjustments to UPIS
- 24            • Schedule EP-2 – Test Year Plant Additions;

- Schedule EP-2.1 – Test Year Large Projects;
- Schedule EP-3 – Post-Test Year Plant Additions; and
- Schedule EP-4 – Post-Test Year Large Projects.

This information will be updated over the course of the proceeding to include actual data for the full twelve-month test year period ending March 31, 2026.

### **III. OVERVIEW OF THE COMPANY'S DISTRIBUTION SYSTEM**

#### **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF SJG'S DISTRIBUTION SYSTEM.**

**A.** The Company provides natural gas service to approximately 425,700 customers within its service territory of approximately 2,500 square miles, which includes all or portions of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem counties. The Company operates a network of 144.5 miles of transmission pipelines, 7,031 miles of distribution mains, and 365,266 service lines that total 6,342 miles in length. SJG's transmission pipelines range in diameter from 8 to 24 inches, and the distribution mains range in diameter from 1 and ¼ to 20 inches. More than 85% of the service lines are 1-inch or less in diameter. The distribution system also includes various other forms of infrastructure, including line valves, pressure regulators and meter stations. The network operates in various pressure configurations depending on a variety of factors, including material type and vintage. Specifically, portions of the SJG transmission system operate at a maximum allowable operating pressure ("MAOP") of 700 pounds per square inch gauge ("PSIG"), while other areas of the distribution system operate at an MAOP of only 15 PSIG. The distribution system also contains a Liquefied Natural Gas ("LNG") peak shaving facility that provides important pressure support to the system in addition to

1 serving as on-system storage for LNG supplies that the Company liquifies with its  
2 liquefaction facility.

3 Since 2009, SJG has made significant progress in retiring and replacing its vintage  
4 and leak prone infrastructure, primarily bare steel and cast iron facilities, under numerous  
5 accelerated programs. In 2021, SJG completed the Board-approved Accelerated  
6 Infrastructure Replacement Program (“AIRP/AIRP II”) and Storm Hardening and  
7 Reliability Program (“SHARP/SHARP II”). In addition, the Company has continued  
8 efforts to remove leak prone pipe to provide a safer and more reliable system for customers  
9 through its current SJG IIP. Under the current SJG IIP, the Company is authorized to invest  
10 up to \$200 million in its gas distribution system to replace up to 250 miles of pre-code  
11 coated steel and pre-1971 vintage Aldyl-A plastic mains and related services, as well to  
12 install excess flow valves (“EFVs”) on new service lines, on an accelerated basis (“IIP  
13 Investments”).

14  
15 **IV. UTILITY PLANT IN SERVICE (“UPIS”) / CAPITAL EXPENDITURES**

16 **Q. PLEASE DESCRIBE SJG’S CAPITAL SPENDING SINCE ITS LAST BASE**  
17 **RATE CASE.**

18 **A.** The Company’s distribution rates were last reset in its 2022 Base Rate Case. Since the  
19 conclusion of that case, SJG has continued to invest a substantial amount of capital in new  
20 distribution plant and services and replacement plant and services. Since that time,  
21 excluding any IIP spending, the Company has made approximately \$489.7 million of net  
22 plant additions as of September 30, 2025 that are not currently reflected in rates, and  
23 projects that an additional approximately \$167.5 million will be added to its Utility Plant  
24 in Service balance by September 30, 2026. As reflected on Schedule EP-1, the Company’s

1 actual UPIS as of September 30, 2025 totaled approximately \$4.3 billion. The majority of  
2 plant additions since the 2022 Base Rate Case were related to investments for the  
3 improvement, replacement, and expansion of distribution mains and services required for  
4 the continued safe and reliable operation of the Company's gas delivery system.

5 **Q. PLEASE DESCRIBE THE COMPANY'S CAPITAL PLANNING PROCESS.**

6 **A.** The Company evaluates capital projects annually and integrates them into a longer view  
7 five-year capital expenditure forecast. Both the annual budget and longer view forecast  
8 are subject to review and approval by Senior Management and the Board of Directors.  
9 Once the annual budget is adopted, actual expenditures are monitored against the budget  
10 to identify variances and forecasts could be updated during the year in response to  
11 operating conditions or outside influences. The methodology for selecting projects or  
12 categorizing spending utilizes the Company's Distribution Integrity Management Plan  
13 ("DIMP") and Transmission Integrity Management Plan ("TIMP", ensures compliance  
14 with State or Federal regulations, and considers emerging trends within its service territory  
15 among other factors.

16 **Q. PLEASE SUMMARIZE THE CAPITAL EXPENDITURES DURING THE TEST**  
17 **YEAR.**

18 **A.** Schedule EP-2 provides a summary of the test year capital expenditures, excluding large  
19 projects, based on six months of actual data and six months of projected data. The projected  
20 six months of capital expenditures from October 1, 2025 through March 31, 2026, as well  
21 as projected plant retirements for the same period, were utilized to calculate the projected  
22 UPIS balance for the test year ending March 31, 2026. As shown on Schedule EP-1, the  
23 total projected plant additions, large projects and plant retirements for the remaining  
24 months of the test year period are approximately \$71.8 million, \$49.2 million and \$18.0



1 million, respectively. The large capital projects that are projected to be placed in-service  
2 during the test year are summarized in Schedule EP-2.1 and will be discussed further in  
3 our testimony below. In addition, Year 3 IIP Investments of approximately \$55.1 million  
4 for the period July 1, 2024 through June 30, 2025 and Year 4 IIP Investments of  
5 approximately \$5.7 million for the period July 1, 2025 through September 30, 2025 are not  
6 included in Utility Plant in Service. IIP Investments have also been excluded from  
7 projected amounts. This results in a total projected UPIS balance of approximately \$4.362  
8 billion as of March 31, 2026, which is reflected in Schedule CLC-2 (Statement of Rate  
9 Base) as sponsored by Company witness Cindy Capozzoli. At the conclusion of the test  
10 year, SJG will replace the projected data with actual data through March 31, 2026 in the  
11 Company's 12+0 update to be submitted in this case.

12 **Q. PLEASE SUMMARIZE THE POST-TEST YEAR CAPITAL EXPENDITURES**  
13 **SJG IS SEEKING TO INCLUDE IN RATES IN THIS PROCEEDING.**

14 **A.** SJG is proposing to include in rate base capital expenditures in the post-test year period  
15 which are known and measurable, and consistent with Board precedent, including the  
16 Board's order in *In Re Elizabethtown Water Company Rate Case*, BPU Docket No.  
17 WR8504330 (May 23, 1985). SJG's proposed post-test year capital expenditures are  
18 "prudent and major in nature and consequence," and therefore, should be included in rate  
19 base.

20 In this base rate filing, the Engineering Panel is sponsoring post-test year  
21 adjustments based on a projection of capital expenditures to be made by the Company  
22 during the six-month period April 1, 2026 through September 30, 2026, excluding any IIP  
23 Investments. These expenditures consist of approximately \$52.1 million of post-test year  
24 plant additions, summarized on Schedule EP-3 and approximately \$30.4 million of large

capital projects that are projected to be placed in-service during the post-test year period, summarized on Schedule EP-4. These large capital projects are discussed further in our testimony below. As reflected on Schedule EP-1, by the end of the post-test year, net of plant retirements of \$18.0 million and excluding any IIP Investments made from July 1, 2024 through September 30, 2026, the Company projects an UPIS balance of approximately \$4.427 billion.

**Q. WHAT ARE THE CAPITAL EXPENDITURE CATEGORIES REFLECTED ON SCHEDULES EP-2 AND EP-3?**

**A.** The expenditure categories reflected on Schedules EP-2 and EP-3 include those associated with New Business, Improvement Mains, Replacements, Land & Buildings, Automotive Equipment, Production Equipment, Transmission Equipment, Distribution Equipment, Office Furniture & Equipment, Building Improvements, Cathodic Protection, Communication Equipment, and Information Technology.

**Q. PLEASE EXPLAIN THE TYPES OF COSTS ASSOCIATED WITH THE CAPITAL EXPENDITURE CATEGORIES REFLECTED ON SCHEDULES EP-2 (TEST YEAR) AND EP-3 (POST TEST YEAR).**

**A. NEW BUSINESS:**

As part of the New Business categories, SJG has installed or is projected to install new service lines and associated regulators to approximately 18,150 new locations during the period September 2022 (end of the test year in the 2022 Base Rate Case) through September 30, 2026 (the end of the post-test year period in this proceeding). New business capital expenditures, including any pre-test year Construction Work in Progress (“CWIP”), total \$73.3 million in the test year and \$28.3 million in the post test year. There are four (4) categories in New Business including:

**New Business Mains** This category includes the cost of installed distribution system mains related to SJG's new business.

**New Business Services** This category includes the cost of service pipes and accessories leading to a customer's premise related to SJG's new business.

**New Business Meters** This category includes the cost of installed meters and/or devices used in measuring gas delivered to users related to SJG's new business.

**New Business Regulators** This category includes the cost of labor and materials associated with the installation of house regulators related to SJG's new business.

**IMPROVEMENT MAINS:**

This category includes the cost of installed improvement distribution system mains. Improvement Main capital expenditures total \$797,557 in the test year and \$518,289 in the post test year.

**REPLACEMENTS:**

Replacement related capital expenditures, including pre-test year CWIP and excluding Large Projects reported on Schedules EP-2.1 and EP-4, total \$43.8 million in the test year and \$15.1 million in the post test year. There are five (5) categories in Replacements including:

**Replacement Mains** This category includes the cost of installed distribution system mains related to replacement mains. Spending in this category relates to replacement of mains needed to continue to provide safe and reliable service to customers. It also includes IIP Baseline Spending related to replacement mains as discussed further below. From August 2022 (the end of the test year in the 2022 Base Rate Case) through September 30, 2025, the number of miles replaced is approximately 75 miles. During the six months projected in the test year (October 2025 to March 2026) and post-test year periods, the Company

1 plans to place in service approximately 7.75 and 5.35 miles of replacement mains,  
2 respectively, which do not include facilities replaced as part of the IIP or other large  
3 projects included on Schedule EP-4.

4 **Replacement Services** This category includes the cost of installed distribution system  
5 services related to replacement services, including those associated with the Company's  
6 Service Replacement Programs. It also includes IIP Baseline Spending related to  
7 replacement services as discussed further below. From August 2022 (the end of the test  
8 year in the 2022 Base Rate Case) through September 30, 2025, the number of services  
9 replaced is approximately 6,575. During the six months projected in the test year (October  
10 2025 to March 2026) and post-test year periods, the Company plans to place in service  
11 approximately 950 and 830 replacement services, respectively, which do not include  
12 services replaced as part of the IIP.

13 **Leak Clamping** This category is a subset of mains and reflects the cost of labor and  
14 materials associated with leak clamping. From August 2022 (the end of the test year in the  
15 2022 Base Rate Case) through September 30, 2025, the number of leak repairs made on  
16 main is approximately 900. During the six months projected in the test year (October 2025  
17 to March 2026) and post-test year periods, the Company anticipates clamping  
18 approximately 150 and 140 leaks, respectively.

19 **Replacement Meters** This category includes the cost of installed meters and/or devices  
20 used in measuring gas delivered to end users. From August 2022 (the end of the test year  
21 in the 2022 Base Rate Case) through September 30, 2025, the number of replacement  
22 meters completed is approximately 54,700. During the six months projected in the test  
23 year (October 2025 to March 2026) and post-test year periods, the Company plans to  
24 replace approximately 8,050 and 9,525 meters, respectively.

1        **Replacement Regulators** This category includes the cost of labor and materials associated  
2        with the installation of replacement house regulators. Projections for this category reflect  
3        anticipated spending based on prior year results.

4        **AUTOMOTIVE EQUIPMENT**

5        This category includes the cost of transportation vehicles used for utility purposes.  
6        Automotive Equipment capital expenditures, including pre-test year CWIP, total \$8.5  
7        million in the test year and \$2.5 million in the post-test year. The Company has a standard  
8        replacement program wherein it replaces vehicles at either 100,000 miles or ten years old.  
9        Other vehicles may be replaced due to accidents or excessive repair costs on older vehicles.

10       **PRODUCTION EQUIPMENT**

11       This category includes the cost of equipment used in the production of gas. Compressed  
12       Natural Gas (“CNG”) Station costs are also included here. The production system ends  
13       where the gas enters a gathering system, transmission system, or distribution system.  
14       Production Equipment capital expenditures, including pre-test year CWIP and excluding  
15       Large Projects reported on Schedules EP-2.1 and EP-4, total \$88,262 in the test year and  
16       \$43,750 in the post test year.

17       **TRANSMISSION EQUIPMENT**

18       This category includes the cost of equipment used in the transmission of gas from a  
19       production plant, delivery point of purchased gas, gathering system, storage area, or other  
20       wholesale source of gas to one or more distribution areas. Transmission Equipment capital  
21       expenditures, including pre-test year CWIP and excluding Large Projects reported on  
22       Schedules EP-2.1 and EP-4, total \$5.2 million in the test year and \$624,614 in the post test  
23       year.

**DISTRIBUTION EQUIPMENT**

This category includes the cost of miscellaneous distribution systems tools and equipment purchased by the Company, such as gas testers and indicators, fire protection equipment, and power operated equipment used in construction or repair work. Distribution Equipment capital expenditures, including pre-test year CWIP and excluding Large Projects reported on Schedules EP-2.1 and EP-4, total \$2.5 million in the test year and \$2.1 million in the post test year.

**BUILDING IMPROVEMENTS**

This category includes the cost associated with structures and improvements for utility purposes. Building Improvements capital expenditures, including pre-test year CWIP and excluding Large Projects reported on Schedules EP-2.1 and EP-4, total \$5.2 million in the test year and \$369,000 in the post test year. Of these amounts, \$2.7 million relates to the Millville Renovation Project described further below. The remaining amounts are related to twelve (12) other authorizations covering costs for renovations, Heating, Ventilation and Air Conditioning upgrades and security improvements at various locations.

**CATHODIC PROTECTION**

This category reflects the cost of labor and materials associated with cathodic protection. The cost included here is a subset of Mains. Cathodic Protection capital expenditures, including pre-test year CWIP, total \$819,245 in the test year and \$489,298 in the post test year.

**INFORMATION TECHNOLOGY**

This category reflects the cost of information technology systems and equipment. Specifically, costs associated with several technology upgrades and enhancements are included here as well as the costs for Automated Metering Technology (“AMT”) discussed

1 further below. Information Technology (“IT”) capital expenditures, including pre-test year  
2 CWIP and excluding Large Projects reported on Schedules EP-2.1 and EP-4, total \$39.9  
3 million in the test year and \$2.1 million in the post test year. Of these amounts,  
4 expenditures related to AMT Meters, described further below, in the test year total \$28.3  
5 million, of which \$25.9 million is actual expenditures from April 2025 through September  
6 2025 and \$2.4 million are forecast expenditures from October 2025 through March 2026.  
7 There are no AMT Meters expenditures in the post-test year. AMT IT expenditures,  
8 described further below, are removed from Schedule EP-2 and reported separately on  
9 Schedule EP-2.1.

10 **Q. PLEASE DESCRIBE ANY SPECIAL PROJECTS UNDERTAKEN SINCE THE**  
11 **2022 BASE RATE CASE.**

12 **A.** In 2023, the Company began installing AMT. The total cost of the project is forecast to be  
13 \$103.4 million. Of this amount, \$95.7 million is in Utility Plant in Service as of September  
14 30, 2025 and an additional \$7.7 million is expected to be placed in service (*i.e.* transferred  
15 from CWIP to UPIS) between October 1, 2025 through March 31, 2026.

16 There are two separate authorizations listed in the noted schedule that attribute to  
17 the \$103.4 million forecast. Authorization 200741 (“AMT Meters”), the larger of the two  
18 totaling \$97.9 million, encompasses material purchases, contractor installation labor,  
19 management and consultant labor, marketing fees, and ancillary costs associated with the  
20 deployment of the project. The expenditures made for AMT Meters are placed in service  
21 on a monthly basis and transferred from CWIP to UPIS. Therefore, actual AMT Meters  
22 expenditures made through September 30, 2025 are in the actual UPIS balance at  
23 September 30, 2025 as shown on Schedule EP-1. Authorization 200865 (“AMT IT”), the  
24 smaller of the two authorizations totaling \$5.5 million, encompasses Information

1 Technology (“IT”) hardware and equipment, software licensing/subscriptions,  
2 management and consulting fees among other ancillary costs and is forecasted to be placed  
3 in service by December 31, 2025. As mentioned above, the expenditures made for AMT  
4 IT are removed from Schedule EP-2 and reported separately as a large project on Schedule  
5 EP-2.1.

6 Furthermore, the Company expects to incur a number of operating costs on a  
7 routine and forward looking basis as a result of this project consisting of the following:

- 8 • 10-year prepaid cellular fees for each Endpoint unit amortized over 120 months;
- 9 • Hybrid Software as Service (SaaS) annual fees related to Itron Head End System  
10 (HES);
- 11 • Annual Software Maintenance for Itron Open Way Collection Manager (OWCM)  
12 which is the head-end system used to communicate to endpoints over cellular network.  
13 OWCM performs core operations around endpoint management, firmware downloads,  
14 data collection, and data export;
- 15 • Annual Software Maintenance for Itron Security Manager (ISM) which enables secure  
16 communications and data privacy between endpoints and OWCM;
- 17 • Annual Maintenance and support for a secondary Virtual Private Network (VPN)  
18 between SJG and Itron for business continuity and/or disaster recovery;
- 19 • Annual storage fee related to the Itron Open Way Collection Manager (OWCM)  
20 allowing 90 days of register reads, interval data and event data;
- 21 • 5-year prepaid Extended Warranty for each Endpoint unit amortized over 60 months.

22 A *pro forma* adjustment to account for these expected ongoing costs totaling \$1.3  
23 million annually is made on Schedule CLC-4 to the Direct Testimony of Cindy Capozzoli.



1 **Q. PLEASE EXPLAIN WHY THE COMPANY PROCEEDED WITH THE AMT**  
2 **PROJECT.**

3 **A.** Prior to commencing the AMT project, the Company had utilized Millenium Account  
4 Services (“Millenium”), a joint venture between SJG and Atlantic City Electric (“ACE”),  
5 for manual metering reading. In 2021, ACE received approval to implement Advanced  
6 Metering Infrastructure (“AMI”) for the purposes of meter reading. During the final  
7 months of its deployment of AMI, ACE notified SJG that it would be terminating its  
8 participation in the Millenium joint venture at the end of 2024. Following the dissolution  
9 of the joint venture with ACE, SJG considered options for meter reading, including  
10 continued manual meter reading through Millenium or a similar third-party contractor or  
11 internal resources versus deploying AMT, which would enable the Company to  
12 automatically collect customer usage data through a small transmitter attached to the  
13 customer’s meter.

14 In evaluating its options, SJG considered many factors, including but not limited  
15 to, minimizing the impact associated with stranded meter assets by retrofitting existing  
16 meters with AMT Endpoints. An alternate option would have been to install new meters  
17 for all customers that have greater functionality including remote shutoff. Another  
18 possibility considered would be to utilize a Mesh Network, similar to Wi-Fi, for  
19 communication between the endpoints and the Company. This would have required the  
20 buildout of a significant mesh network throughout the entire service territory as well as  
21 ownership and associated maintenance of this technology. Improving the overall customer  
22 experience is also a factor that lead the Company to move towards new technology versus  
23 continued manual meter reading. After analyzing the different meter reading options, the  
24 Company determined that AMT was the best available solution and partnered with Itron

1 Inc. to retrofit customers' existing meters with Openway Riva 500G Cellular ERT  
2 Modules. A detailed analysis of the costs and benefits of Company's choice between  
3 continuing manual meter reading with a third party or deploying AMT is set forth in the  
4 Cost Benefit Analysis Report prepared by Gabel & Associates and detailed in the Direct  
5 Testimony of Isaac Gabel-Frank attached hereto as Exhibit P-10.

6 **Q. PLEASE EXPLAIN HOW THE COMPANY PROCEEDED TO COMPLETE THE**  
7 **AMT PROJECT.**

8 **A.** The Company engaged local contractor resources familiar with the SJG territory and  
9 infrastructure to retrofit the meters. In 2023, through a competitive bid process, two  
10 separate contractors were engaged and trained, and they began systematic deployment of  
11 AMT modules throughout SJG's service territory. As a result of this deployment, SJG is  
12 efficiently generating a vast majority of monthly customer bills utilizing the Itron 500G  
13 Cellular ERT transmitting data securely into a Head End System that integrates with the  
14 Company's Customer Information System.

15 **Q. PLEASE EXPLAIN THE BASELINE CAPITAL SPENDING REQUIREMENTS**  
16 **UNDER THE IIP ORDER.**

17 **A.** As mentioned previously, the IIP Order authorized SJG to invest up to \$200 million over  
18 a five-year IIP program beginning July 1, 2022 and ending June 30, 2027 to replace up to  
19 250 miles of pre-code coated steel and pre-1971 vintage Aldyl-A plastic mains and related  
20 services and install EFVs on new service lines. Under the IIP Order, the Company is  
21 required to maintain baseline capital spending amounts consisting of (1) a Total Capital  
22 Baseline Spend and (2) an IIP Baseline Spend. These baseline capital spending amounts  
23 are not recoverable through the IIP recovery mechanism, but the Company is permitted to  
24 seek recovery of these baseline capital spending amounts in a base rate case.

**Q. PLEASE EXPLAIN THE IIP BASELINE SPEND REQUIREMENT.**

A. The IIP Baseline Spend amount must equal \$4 million per IIP year or \$20 million over the 5-year IIP investment period ending June 30, 2027 and consists of expenditures on projects similar to those eligible for recovery under the SJG IIP. The IIP Baseline Spend is reflected in actual UPIS as of September 30, 2025 on Schedule EP-1 and in the replacement mains and replacement services categories on Schedules EP-2 and EP-3. Since the inception of the SJG IIP, the Company has maintained or exceeded this minimum level of IIP Baseline Spend.

**Q. PLEASE EXPLAIN THE TOTAL CAPITAL BASELINE SPENDING REQUIREMENT ASSOCIATED WITH THE IIP.**

A. Under the SJG IIP, Total Capital Baseline Spend must equal an annual amount of \$88.7 million per IIP year or \$443.5 million over the 5-year IIP investment period beginning July 1, 2022 through June 30, 2027. The specific capital investments made by the Company as part of the Total Capital Baseline Spend are within the discretion of SJG and include certain investments that are excluded from the IIP, such as relocation of meters, among other costs, as well as costs in excess of the \$0.8 million per mile cap imposed on IIP Investments. The Company may also include up to \$46 million of new business expenditures in Total Capital Baseline Spend. Since the inception of the SJG IIP, the Company has maintained or exceeded the minimum level of Total Capital Baseline Spend.

**Q. PURSUANT TO THE IIP ORDER, THE PRUDENCE OF THE COMPANY’S INVESTMENTS ARE TO BE REVIEWED IN THE COMPANY’S NEXT BASE RATE CASE. WERE THE COMPANY’S IIP INVESTMENTS PRUDENT CAPITAL INVESTMENTS?**

**A.** Yes. Since the inception of the SJG IIP on July 1, 2022 through September 30, 2025, the Company has installed 154.4 miles of mains and 8,449 services and associated Excess Flow Valves (“EFVs”) related to the SJG IIP. In accordance with the intent of the SJG IIP, the replacement of these facilities has enhanced and will enhance the Company’s distribution system safety and reliability to the benefit of SJG’s customers. The IIP work also supports the environment by helping to reduce SJG’s open leak inventory and facilitates economic development and employment in New Jersey.

**Q. HAS THE COMPANY ENGAGED AN INDEPENDENT MONITOR WHO REVIEWS AND REPORTS ON THE EFFECTIVENESS OF THE SJG IIP TO BOARD STAFF AND THE NEW JERSEY DIVISION OF RATE COUNSEL (“RATE COUNSEL”)?**

**A.** Yes, as required by the IIP Order, following consultation with Board Staff and Rate Counsel, SJG retained an IIP Independent Monitor. The Independent Monitor has issued eleven reports by email to Board Staff and Rate Counsel covering IIP program activity through July 2025 and found that the IIP investments were effective in meeting SJG IIP objectives and were cost effective and efficient. These Independent Monitor reports support a finding that the Company’s IIP investments have been prudent.

1   **Q.   PLEASE DESCRIBE THE OPEN LARGE CAPITAL PROJECTS WITH**  
2   **INCLUDED ON SCHEDULE EP-2.1 AND SCHEDULE EP-4.**

3   **A.**   There are eleven (11) large capital projects of between \$1.5 million and \$10 million in the  
4   test year detailed on Schedule EP-2.1 and three (3) large projects of between \$1.5 million  
5   and \$10 million in the post-test year detailed on Schedule EP-4:

6           1.    RNG – ACUA, Atlantic County Utility Authority – The Company installed  
7   approximately 0.85 miles of gas distribution main and a new gate station to interconnect  
8   the Atlantic County Utility Authority (“ACUA”) Landfill Gas Supply to SJG’s gas  
9   distribution system. SJG and OPAL Fuels have signed an interconnection agreement and  
10   gas purchasing agreement to facilitate this project. SJG will be receiving gas supplies from  
11   the ACUA Land Fill Gas Site into its system in Egg Harbor Township. This creates an  
12   additional source of supply in the heart of SJG’s service territory and has the ability to  
13   serve customers in much of Atlantic County.

14          2.    WM Woodbine CNG – 2024 – The WM Woodbine CNG station is a  
15   regulated utility new business project. SJG has entered into a 10-year agreement to  
16   construct, own, and operate a CNG station in Woodbine, New Jersey for WM Inc. (“WM”),  
17   a leading provider of waste, recycling and environmental services in North America. The  
18   CNG will be used by WM’s fleet of new CNG trash trucks for this area. The facility will  
19   increase the use of alternative fuel vehicles operating in the State and will contribute to the  
20   reduction in GHG emissions.

21          3.    2025 CNG Dispenser Replacement Project - CNG Dispenser upgrades are  
22   being completed at four locations including Lindenwold, Glassboro, Cape May, and  
23   Chesilhurst. These locations are used by existing customers. The current dispensers are  
24   obsolete and replacement parts are no longer available. The newly installed dispensers are

1 current models and meet current codes and standards for CNG dispensers. They also  
2 comply with Executive Order 13681<sup>6</sup> issued by the U.S. Department of Treasury, Bureau  
3 of Fiscal Service which required upgrades to Europay, Mastercard and Visa Terminals to  
4 allow for cards with chips to be used at the stations.

5 4. Cape May Lateral Replacement – This project involves replacement of 3.25  
6 miles of SJG’s 8” Cape May Lateral with new 12” Wrapped Steel operating at 250 PSIG  
7 due to integrity concerns post-inspection. After electric surveys were completed along this  
8 pipeline it was determined that considerable corrosion and coating disbondment existed.  
9 SJG performed spot inspections on the pipeline to determine the validity of the completed  
10 surveys and found the pipeline to be in critical condition. It conceptualized a project to  
11 immediately replace the 3.25 miles of main that were most impacted, eliminating leak  
12 prone infrastructure that operates at elevated pressure.

13 5. Lawnside Line – ACX to Monroe Station Offset – 2024 – This project  
14 involves replacement of 1.50 miles of SJG’s 12” Lawnside Line with new 12” WS  
15 operating at 250 PSIG due to integrity concerns post pipeline leaks. In 2024 SJG had a  
16 leak on its 12” Lawnside Line in this area. After the leak was repaired SJG performed  
17 electric surveys to analyze the corrosion and coating loss in this subsection. It was found  
18 that the pipeline had multiple areas of coating disbondment and after an in-field  
19 investigation corrosion pitting was found on the elevated main. This project replaced the  
20 section of impacted main.

21 6. Atco Phase II Distribution Improvements – The project involves  
22 replacement of approximately 2.70 miles of existing undersized 4” main with new 8”

---

<sup>6</sup> President Obama signed Executive Order 13681 on October 27, 2014 dealing with EMV Terminal Deployment

1 distribution main to improve system pressures and customer serviceability. Annually SJG  
2 reviews its gas transmission and distribution system to ensure that it has the ability to  
3 service all of its customers efficiently on a design day. During SJG's 2024 review it  
4 identified the Atco/Voorhees area in New Jersey to be an area of both growth and a system  
5 flow restriction. This area was not able to transport the gas it needed due to undersized  
6 infrastructure and this project replaced the 4" pipeline that was creating the flow restriction.  
7 This project allows the customers in this area to be served completely on a design day.

8 7. 2025 Divisional Renovation – Millville - The Millville Renovation Project  
9 focuses primarily on the Customer Walk-In Center. The purpose underlying the project is  
10 to update and reconfigure the customer walk in space to create a more functional and user-  
11 friendly space, including installing an additional payment window and exterior 24/7  
12 payment kiosk to reduce wait times and provide a more seamless customer payment  
13 experience. The renovation also addresses adding a private and secure meeting space to  
14 conduct customer interactions and outreach, and provides for enhanced security measures  
15 and new heating ventilation and air conditioning and electrical systems.

16 8. JANA TIMP Risk Model Implementation – 2024 - The JANA TIMP Risk  
17 Model is a modeling technology that will enable South Jersey to identify the pipelines with  
18 the greatest risk factors in conjunction with federal regulations. It will be frequently  
19 updated as new data is made available and regularly reviewed to ensure appropriate actions  
20 are being taken to ensure safety and reliability of the SJG Transmission System.

21 9. SJI ORS/WMW Replacement – This effort was necessary due to Oracle  
22 sunseting the Company's existing Oracle's Oracle Real-Time Scheduler/Mobile  
23 Workforce Management ("ORS/MWM") applications for scheduling and workforce  
24 management. An RFP was done to assess replacement technology, and the Oracle Field

Services (“OFS”) solution was selected. Migrating from ORS/MWM to OFS offers transformative benefits including scheduling of field service resources in real time, tools for planning/dispatching/managing field crews, streamlining operations and modernizing IT infrastructure.

10. SJI Automated Metering IT – The purpose of this project is to deploy a technology solution that enables customer consumption data to be delivered to the Company via remote connections and catalogued in an Itron Head End System for the purpose of generating customer billing. Refer to the discussion of AMT IT earlier in this testimony..

11. SJI Power Plan Upgrade - The purpose of this project is to upgrade South Jersey’s Power Plan software to the most current supported version (2024.1).

12. 20211 2025 Glassboro Lateral Replacement – Part One of the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) Mega Rule requires the replacement of SJG’s 16” Woodbury Pipeline from Woodbury Station to Forest Lane Station. This total pipeline complex spans approximately 26 miles and has been broken into six phases of pipeline renewal. Three phases have been completed. This is the fourth phase during which South Jersey will install 2.40 miles of 12” Pipeline operating at 250 PSIG from the new Fries Mill Road Block Valve to the existing Glassboro Block Valve. Also refer to the description of Woodbury Line Phase II set forth below which is a separate phase of this pipeline replacement.

13. 2025 Mantua Grove Road System Improvement – This project resulted in the installation of approximately 0.80 miles of gas distribution main to interconnect two gas systems. The West Deptford System services approximately 1,000 customers, many of which are large industrial customers, and have no back feed or secondary source of



1 supply. The supplier of that subsystem, Transcontinental Gas Pipe Line Company, will be  
2 shutting down the station to perform maintenance in late 2026 and a back feed is necessary  
3 to allow for continuous service as well as to strengthen source of supply.

4 14. 8 Steel Transmission Rt 130 Logan Twp – This project resulted in the  
5 installation of 0.35 miles of new gas distribution main to allow for the abandonment of  
6 0.80 miles of steel distribution main and a district regulator station due to integrity  
7 concerns. The existing pipeline was found to have corrosion defects at the time a new  
8 regulating station was installed on this pipeline and was downrated to operate at a lesser  
9 pressure than the remainder of the subsystem. The new pipeline segment allows for a full  
10 pressure restoration.

11 **Q. PLEASE DESCRIBE THE WOODBURY LINE PHASE II PROJECT ON**  
12 **SCHEDULE EP 2.1.**

13 **A.** As previously discussed in item 12 on the prior response, the replacement of SJG's 16"  
14 Woodbury Pipeline from Woodbury Station to Forest Lane Station was required to comply  
15 with Part One of the PHMSA Mega Rule. This total pipeline complex spans approximately  
16 26 miles and has been broken into six phases of pipeline renewal. The second phase of  
17 this project will replace 3.40 miles of 16" Pipeline operating at 250 PSIG with like  
18 infrastructure extending from the new Salina Road Block Valve to the new Greentree Road  
19 Block Valve. The total cost of the project is approximately \$14.6 million, as reflected on  
20 schedule EP-2.1, and was placed in service in October 2025.

21 **Q. PLEASE DESCRIBE THE CAPE MAY LATERAL PHASE 2 PROJECT ON**  
22 **SCHEDULE EP 2.1.**

23 **A.** This project includes the installation of approximately 4.5 miles of 12" distribution main  
24 with an MAOP of 250 PSIG located in Dennis and Middle Townships along NJRT 9 that

1 will replace a critical piece of the Cape May Division infrastructure that has urgent system  
2 integrity issues. This is Phase 2 of the project completed in early 2025 and (described on  
3 page 20 above) that replaced approximately 3 miles of this same pipeline due to integrity  
4 needs. The total cost of the project is approximately \$18.2 million, as reflected on Schedule  
5 EP-4 and is expected to be placed in service in June 2026.

6 **Q. PLEASE DESCRIBE THE SOUTH HARRISON POWER TO GAS (“P2G”)**  
7 **PROJECT ON SCHEDULE 2.1.**

8 **A.** The South Harrison Power to Gas (“P2G”) project will utilize a 1-megawatt hydrogen  
9 electrolyzer to produce green hydrogen by splitting water into its hydrogen and oxygen  
10 components. The oxygen will be released into the atmosphere and the hydrogen will be  
11 blended within SJG’s natural gas transmission pipeline on site, offsetting a portion of  
12 natural gas and reducing the Company’s overall carbon footprint. The electrolyzer is  
13 located on SJG’s New Sentury compression site and powered by a co-located solar farm as  
14 well as a connection to the electrical grid. The system includes a process control element  
15 that will allow for unmanned operation and will be monitored from SJG’s Mckee City  
16 Allocations Department. The project also includes the development of safety procedures  
17 and training programs related to the production of hydrogen. The total cost of the project  
18 is approximately \$16.3 million, as reflected on Schedule EP-2.1 and is expected to be  
19 placed in service in March 2026.

20 **Q. PLEASE DESCRIBE THE BENEFITS OF THE P2G PROJECT**

21 **A.** New Jersey has established an ambitious clean energy agenda that will require substantial  
22 investment in new decarbonized energy resources and infrastructure. SJG supports New  
23 Jersey’s efforts to grow the clean energy economy and is actively investigating  
24 opportunities to meet customers’ needs and expectations in a low carbon future; this project

1 is one of these opportunities. The P2G Project is integrated with SJG's existing  
2 infrastructure and will supply reliable and zero carbon fuel to SJG's customers.  
3 Investments made through SJG's infrastructure programs to eliminate cast iron and bare  
4 steel mains have positioned SJG to integrate decarbonized fuels like hydrogen into its  
5 supply mix. Developing and scaling fuels such as "green" hydrogen is important to  
6 achieving emissions reduction goals and will ensure appropriate long-term value is  
7 ascribed to high quality and preexisting underground infrastructure such as the Company's  
8 existing gas distribution system.

9 **Q. HOW DOES THE P2G PROJECT HELP ACHIEVE NEW JERSEY'S EMISSIONS**  
10 **REDUCTIONS GOALS?**

11 **A.** Hydrogen has the opportunity to play an important role in transitioning to a clean-energy  
12 economy by utilizing existing infrastructure to deliver zero or low carbon fuels. Through  
13 innovative investments like the P2G Project, SJG will reduce emissions by decarbonizing  
14 a portion of the gas stream and making the necessary technology upgrades to the  
15 Company's infrastructure. The P2G system utilizes a carbon-free energy source, Photo  
16 Voltaic ("PV"), to produce hydrogen and oxygen using water. When burned as a fuel,  
17 hydrogen's only emission is water vapor. This creates a completely decarbonized cycle  
18 where both the input and output are water but the energy is transferred from PV to a gas  
19 stream. SJG believes that hydrogen is one type of renewable, alternative fuel that will be  
20 required to achieve a fully decarbonized future. This project will produce enough hydrogen  
21 to offset approximately 265 US Tons of CO<sub>2</sub> per year. Offsetting CO<sub>2</sub> is the most cost  
22 effective and efficient manner in which SJG can help reduce greenhouse gas emissions.  
23 The yearly reduction in CO<sub>2</sub> demonstrates SJG's commitment to sustainability.

1 **Q. PLEASE DESCRIBE THE STEPS THAT SJG TAKES TO ENSURE THE**  
2 **REASONABLENESS OF CAPITAL PROJECTS EXPENDITURES.**

3 **A.** SJG follows a number of practices to ensure that its capital expenditures are reasonable.  
4 These include competitive bidding, contractor quality assurance and cost tracking. With  
5 respect to competitive bidding, once a project is approved, individual project design  
6 documents are prepared for competitive bid so that the project can be bid for construction  
7 following design and permitting. Contractor bids are evaluated utilizing a combination of  
8 criteria including safety, cost, contractor quality, experience, availability, and timing. As  
9 to contractor quality, the Company continuously monitors the performance of its  
10 contractors and utilizes that information to evaluate the bids received from contractors who  
11 have worked for the Company previously. This helps the Company to ensure that the work  
12 contractors perform will deliver pipeline assets that are constructed in a safe, quality,  
13 compliant, and most cost-effective way possible. Finally, the Company tracks capital  
14 expenditures after a project commences to monitor the financial performance. Specifically,  
15 the Company examines projects through the project life cycle with monthly (or more  
16 frequently as needed) reviews to determine the existence of any variances. If there are  
17 significant variances, the Company undertakes a review to determine the causes, identify  
18 potential cost mitigation solutions and/or modify the scope of the project as appropriate.

19 **Q. WHAT EFFORTS HAS THE COMPANY UNDERTAKEN TO CONTROL**  
20 **MUNICIPAL COSTS RELATED TO ITS CAPITAL PROJECTS?**

21 **A.** The Company continues to experience increases in the costs associated with pipeline  
22 replacements due, in part, to increases in municipal costs. The biggest components of these  
23 municipal costs are attributable to the following: repaving requirements; traffic control  
24 plans; permit fees; and night work restrictions. The Company maintains an ongoing

1 dialogue with the municipalities it serves during the pre-construction phase and beyond to  
2 minimize these requirements. In addition, the Company has increased outreach efforts with  
3 local officials concerning these activities. Despite these efforts, the costs are ultimately  
4 subject to the determination of the individual municipalities.

5 With respect to repaving, where possible, SJG seeks to coordinate with other utility  
6 or municipal projects to share costs and ultimately save money on repaving, which also has  
7 the added benefit of reducing inconvenience to the community. Furthermore, the Company  
8 continues to seek to increase use of infrared restoration technology for repaving. This  
9 technology is much less expensive than mill and replace repairs. Infrared technology  
10 expedites repair by heating, fusing, and compacting recycled asphalt and saving labor,  
11 equipment and new material compared to conventional repairs that require the removal of  
12 old asphalt from a damaged site and replacement with new asphalt. The ability to use  
13 infrared technology depends on the size and extent of a project and the willingness of the  
14 individual municipality to agree to its use.

15  
16 **V. PIPELINE INTEGRITY MANAGEMENT (“PIM”) AND DISTRIBUTION**  
17 **INTEGRITY MANAGEMENT PROGRAM (“DIMP”)**

18 **Q. HOW DOES THE COMPANY ENSURE PIPELINE SAFETY THROUGHOUT ITS**  
19 **SYSTEM?**

20 **A.** SJG has maintained compliance with the federal pipeline safety regulations on pipeline  
21 integrity as found at 49 CFR 192 - Subpart O since those regulations went into effect in  
22 December of 2003. Achieving compliance with the regulations required the development  
23 and subsequent implementation of an integrity management program for the specific  
24 transmission pipelines covered under this part. As of December 31, 2024, SJG operated

144.5 miles of transmission pipeline that are subject to the PIM regulations. The Company's detailed and comprehensive program includes:

- An ongoing identification of "high consequence areas" to delineate covered pipeline segments;
- The development of a baseline assessment and reassessment plan;
- Data integration and risk assessment to determine how to address each covered pipeline segment; and
- The selection and implementation of a baseline integrity assessment technique, which addresses the specific risks associated with each covered pipeline segment.

SJG successfully met the December 17, 2012 regulatory deadline established for the completion of the initial baseline integrity assessments of its covered facilities. Additionally, some of these facilities have been reassessed ahead of the seven-year federal requirement at the request of the BPU's Bureau of Pipeline Safety.

**Q. WHAT DO THE PIM REGULATIONS REQUIRE WITH RESPECT TO THE DIMP PLAN?**

**A.** The regulations mandate that a risk-based approach to distribution main and service integrity management plans be prepared by each operator. While the regulations prescribe a specific framework for documenting operating practices and procedures into a plan, the regulations provide significant operator flexibility to satisfy the requirements. At a minimum, each distribution pipeline operator's DIMP plan must address the seven major elements described below. South Jersey's DIMP plan documents the Company's risk-based approach to integrity management according to the required elements as follows:

(1) **Knowledge.** "Knowledge" entails the documentation of information pertaining to system design, materials, operating characteristics and environmental factors. SJG's

1 DIMP plan references data contained in the Company's Field Book geographic information  
2 system, including leak and asset management and the corrosion control records system.  
3 The combination of these tools allows SJG to maintain, store, report and analyze critical  
4 data related to its distribution infrastructure.

5 **(2) Identify threats.** Threat identification determines broad issues that may affect the safe  
6 operation of the distribution system. Potential threats include the categories of potential  
7 operational hazards established by PHMSA. SJG relies on both internal and external data  
8 sources to identify threats. Internal data sources include various design and operating  
9 records contained in the systems noted previously. External data sources include industry-  
10 wide data, and data related to soil conditions or prepared by independent researchers.

11 **(3) Evaluate and rank risks.** The process of evaluating and ranking risks determines the  
12 relative importance of all identified risks. This process takes into consideration both the  
13 likelihood of an occurrence and the consequences of such occurrence. SJG relies on  
14 standard industry analyses, such as population densities in specific areas, to evaluate  
15 consequences of failure and ranks risks accordingly.

16 **(4) Identify and implement measures to address risks.** This element included in SJG's  
17 DIMP plan documents measures taken to reduce risk of failure. Programs at SJG that  
18 address risks include leak management, damage prevention, corrosion control, public  
19 awareness and operator qualification programs. Specific actions include prevention,  
20 detection, repair, rehabilitation, and/or replacement and upgrade, depending on the risk-  
21 based probability of an occurrence and consequences of the specific integrity threat.

22 **(5) Measure performance, monitor results, and evaluate effectiveness.** Monitoring and  
23 measurement activities allow SJG to evaluate the effectiveness of actions implemented by  
24 the Company to address risks. SJG measures performance from a variety of information

1 including the collection of data on leak causes and leaks repaired or eliminated. This data  
2 is reported and communicated within SJG to evaluate trends and to provide input for future  
3 planning purposes.

4 **(6) Periodic evaluation and improvement.** Periodic evaluations establish a definitive  
5 feedback loop for the overall distribution integrity management processes. Additionally,  
6 as knowledge concerning the distribution system or information on potential threats is  
7 gained, elements of the DIMP plan or required actions may be revised to take into account  
8 the impact of enhanced understanding as it impacts SJG's integrity management activities.

9 **(7) Report results.** Reporting on integrity management actions and results provides  
10 information to SJG's internal management and further satisfies federal and state mandated  
11 reporting requirements.

12 **Q. WHAT ACTIONS HAS THE COMPANY TAKEN TO ENSURE COMPLIANCE**  
13 **WITH THE DIMP REQUIREMENTS?**

14 **A.** In accordance with federal regulations, SJG finalized and began implementation of its  
15 DIMP in August 2011. Since then, the DIMP plan has been reviewed and updated  
16 annually, reflecting the most current data and system risk profile for SJG's distribution  
17 system. This updated profile forms the basis for actions taken by the Company to mitigate  
18 the most significant identified risks. Additionally, a complete program re-evaluation is  
19 conducted at least every three years. The most recent re-evaluation occurred in 2024.

20 **Q. HAS THE COMPANY INCURRED EXPENSES ASSOCIATED WITH ENSURING**  
21 **PIM/DIMP COMPLIANCE?**

22 **A.** The Company has incurred both capital upgrade expenditures and incremental operating  
23 and maintenance ("O&M") expenses associated with complying with the transmission and  
24 distribution PIM regulations. The capital upgrades have included expenditures associated



1 with physical piping replacements, valve change outs, and station piping retrofits to  
2 accommodate in-line inspection tools. The incremental O&M expenses have included  
3 expenditures such as the consulting and inspection fees associated with running the in-line  
4 inspection tools, and the costs of performing confirmatory field excavations on the pipe to  
5 remediate or repair any identified anomalies. The additional capital expenditures have  
6 been included by the Company in its annual capital construction budget each year as  
7 incurred. The Board authorized the Company to treat incremental O&M expenses  
8 associated with complying with the transmission and distribution PIM regulations as a  
9 deferred expense and authorized the Company to recover all such prudently incurred costs  
10 and related carrying charges.<sup>7</sup> As of September 30, 2025, these deferred expenses totaled  
11 \$11.4 million for transmission integrity management activities, \$1.4 million for  
12 distribution integrity management activities and \$551,568 for Mega Rule activities.  
13 Cumulative carrying costs at September 30, 2025 were \$1.0 million. As more pipeline  
14 segments have integrity assessments performed, these costs will continue to accrue, and  
15 their magnitude will be directly related to the findings associated with the results of each  
16 assessment. Projected deferred expenses as of the end of the test year at March 31, 2026  
17 total \$11.9 million for transmission integrity management activities, \$1.7 million for  
18 distribution integrity management activities and \$561,568 for Mega Rule activities.  
19 Cumulative carrying costs at March 31, 2026 are projected to be \$1.3 million. The

---

<sup>7</sup> *I/M/O the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions*, BPU Docket No. GR17010071, “Order Adopting Initial Decision and Stipulation,” pp. 4, 6 (October 20, 2017); *I/M/O the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions*, BPU Docket No. GR20030243, “Decision and Order Adopting Initial Decision and Stipulation,” p. 4 (Sept. 23, 2020).

Company's proposed recovery and amortization of these amounts are addressed by Company witness Capozzoli and included in Schedule CLC-22.

**Q. ARE THERE ANY "PHMSA REGULATIONS THAT COULD INCREASE TRANSMISSION INTEGRITY MANAGEMENT PROGRAM ("TIMP") COSTS?"**

**A.** Yes. In 2016, PHMSA issued a Notice of Proposed Rulemaking ("NPRM") proposing new pipeline safety regulations that include a requirement for increased inspections over the level that is currently required, among other requirements. On October 1, 2019, PHMSA issued the first part of the new pipeline safety regulation "Pipeline Safety: Safety of Gas Transmission Pipelines: MAOP Reconfirmation, Expansion of Assessment requirements, and Other Related Amendments" (*i.e.*, PHMSA Transmission Mega Rule). This new pipeline safety regulation was only the first of three parts to the original NPRM from 2016. The PHMSA Transmission Mega Rule provides additional regulatory requirements in PHMSA's safety regulations. The enactment of these regulations along with the remaining parts of the original NPRM from 2016 are expected to impact gas distribution operating costs, particularly the requirement related to material verification on existing transmission pipelines. As discussed in the Direct Testimony of John Houseman, the Company proposes to continue the authorization to establish a TIMP regulatory asset, as approved in the 2022 Base Rate Case, to track and defer for later recovery the Company's incremental TIMP costs.

**VI. THE UTILITY ALIGNMENT PROJECT**

**Q. PLEASE DESCRIBE THE UTILITY ALIGNMENT PROJECT.**

**A.** The Utility Alignment Project is a significant technological transformation project that aims to provide unified cloud-based systems to replace the Company's current customer

1 service and billing systems, asset management systems, and core integrated systems such  
2 as the Company's customer relationship system and geographical information system. The  
3 Utility Alignment Project will permit the Company to achieve increased functionality and  
4 efficiencies, bolster cyber security and align processes between SJG and its affiliate,  
5 Elizabethtown Gas Company. The project is expected to enhance the customer experience  
6 and the Company's ability to provide safe, reliable and affordable natural gas service.  
7 During the course of this multi-year project the Company anticipates that it will incur an  
8 estimated \$9 million to \$15 million of one-time implementation-related operating costs  
9 prior to placing the project in service in the last quarter of 2028. As discussed more fully  
10 by Company witness John L. Houseman, in the absence of deferred authority from the  
11 Board, the Company would be required to write these costs off in the year they are incurred.

12 The Utility Alignment Project is projected to created significant ongoing savings in  
13 information technology ("IT") costs once it is placed in service. These cost reductions will  
14 arise from reductions in technical support vendors, server refreshes, middleware and  
15 licenses costs for core customer asset and geographic information systems. These savings  
16 are forecast to begin to be recognized in 2029. As discussed more fully by Mr. Houseman,  
17 the Company is proposing to defer the costs of the Utility Alignment Project so that the  
18 costs and savings can be considered together in future base rate proceedings.

19  
20 **VII. SUMMARY**

21 **Q. CAN YOU BRIEFLY SUMMARIZE YOUR TESTIMONY?**

22 **A.** The issues discussed in in the foregoing testimony address the significant levels of capital  
23 expenditures for both the test year and post-test year periods that are prudent and necessary  
24 to provide safe and reliable service to the Company's customers. SJG's distribution and

1 transmission construction programs have increased the safety, operation and reliability of  
2 the Company's overall system in a cost-effective manner. Additionally, both the IIP and  
3 base capital investments have contributed to the Company's commitment to provide a safe  
4 and reliable system for its customers through replacement of aged infrastructure. As such,  
5 the Board's approval of the proposals set forth herein is fully justified.

6 **Q. DOES THIS CONCLUDE THE PANEL'S TESTIMONY?**

7 **A.** Yes, it does.

**SOUTH JERSEY GAS COMPANY  
STATEMENT OF RATE BASE  
UTILITY PLANT IN SERVICE ("UPIS")**

| Line<br>No. |                                                        |                         | Reference |
|-------------|--------------------------------------------------------|-------------------------|-----------|
| 1           |                                                        |                         |           |
| 2           | <b>Actual UPIS as of 9/30/25</b>                       | <b>\$4,320,246,159</b>  | CLC-2     |
| 3           | IIP Removal - 7/1/24 to 9/30/25                        | \$ (60,818,715)         | EP-1.1    |
| 4           | Projected Test Year Plant Additions                    | \$ 71,800,806           | EP-2      |
| 5           | Projected Test Year Large Projects                     | \$ 49,232,208           | EP-2.1    |
| 6           | Projected Test Year Plant Retirements                  | \$ (18,006,137)         | EP-2      |
| 7           | Total Projected Test Year Net Plant Additions          | \$42,208,162            |           |
| 8           |                                                        |                         |           |
| 9           | <b>Projected Test Year Ending UPIS at 3/31/26</b>      | <b>\$4,362,454,321</b>  |           |
| 10          |                                                        |                         |           |
| 11          | Projected Post Test Year Plant Additions               | \$ 52,095,953           | EP-3      |
| 12          | Projected Post Test Year Plant Retirements             | \$ (18,006,137)         | EP-3      |
| 13          | Projected Post Test Year Large Projects                | \$ 30,356,064           | EP-4      |
| 14          | Total Projected Post Test Year Net Plant Additions     | \$ 64,445,880           |           |
| 15          |                                                        |                         |           |
| 16          | <b>Projected Post Test Year Ending UPIS at 9/30/26</b> | <b>\$ 4,426,900,201</b> |           |

Schedule EP-1.1  
6&6

SOUTH JERSEY GAS COMPANY  
STATEMENT OF RATE BASE  
IIP ADJUSTMENTS TO UPIS  
PROFORMA ADJUSTMENTS TO SEPTEMBER 30, 2025 RATE BASE

| No.<br>Line |                                                            | Jul-24<br>ACTUAL | Aug-24<br>ACTUAL | Sep-24<br>ACTUAL | Oct-24<br>ACTUAL | Nov-24<br>ACTUAL | Dec-24<br>ACTUAL | Jan-25<br>ACTUAL | Feb-25<br>ACTUAL | Mar-25<br>ACTUAL | Apr-25<br>ACTUAL | May-25<br>ACTUAL | Jun-25<br>ACTUAL | Jul-25<br>ACTUAL | Aug-25<br>ACTUAL | Sep-25<br>ACTUAL |
|-------------|------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1           | Monthly In Service Actuals                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 2           | Mains                                                      | \$ 492,077       | \$ (505,682)     | \$ 2,405,662     | \$ 5,467,939     | \$ 2,247,123     | \$ 7,562,833     | \$ (509,029)     | \$ 903,100       | \$ 2,245,000     | \$ 10,386,050    | \$ 6,907,952     | \$ 5,901,648     | \$ 1,601,129     | \$ 1,925,213     | \$ 1,453,339     |
| 3           | Services                                                   | \$ 243,770       | \$ 685,746       | \$ 662,283       | \$ 1,033,979     | \$ 731,644       | \$ 1,062,509     | \$ 212,122       | \$ 627,962       | \$ 1,475,717     | \$ 2,086,865     | \$ 1,404,732     | \$ 1,336,095     | \$ 240,641       | \$ 503,143       | \$ 27,153        |
| 4           |                                                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 5           | Cumulative Year 3 & Year 4 IIP Removed from EP-1 and JLH-5 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 6           | Mains                                                      | \$ 492,077       | \$ (13,605)      | \$ 2,392,057     | \$ 7,859,996     | \$ 10,107,119    | \$ 17,669,952    | \$ 17,160,923    | \$ 18,064,023    | \$ 20,309,023    | \$ 30,695,073    | \$ 37,603,025    | \$ 43,504,673    | \$ 45,105,802    | \$ 47,031,015    | \$ 48,484,354    |
| 7           | Services                                                   | \$ 243,770       | \$ 929,516       | \$ 1,591,799     | \$ 2,625,778     | \$ 3,357,422     | \$ 4,419,931     | \$ 4,632,053     | \$ 5,260,015     | \$ 6,735,732     | \$ 8,822,597     | \$ 10,227,329    | \$ 11,563,424    | \$ 11,804,065    | \$ 12,307,208    | \$ 12,334,361    |
| 8           |                                                            | \$735,847        | \$915,911        | \$3,983,856      | \$10,485,774     | \$13,464,541     | \$22,089,883     | \$21,792,976     | \$23,324,038     | \$27,044,755     | \$39,517,670     | \$47,830,354     | \$55,068,097     | \$56,909,867     | \$59,338,223     | \$60,818,715     |

SOUTH JERSEY GAS COMPANY  
TEST YEAR PLANT ADDITIONS  
PROFORMA ADJUSTMENTS TO SEPTEMBER 30, 2025 RATE BASE

|             |                        | Pre-Test Year<br>CWIP | April          | May            | June           | July           | August         | September      | October           | November          | December          | January           | February          | March             | Total Test Year<br>Including<br>Carryover<br>Total | EP-2.1 TY Large<br>Projects | EP-4 PTY<br>Large Projects | Total Test Year,<br>excluding Large<br>Projects | TY Projected<br>Months Only |
|-------------|------------------------|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------------------------------|-----------------------------|----------------------------|-------------------------------------------------|-----------------------------|
| Line<br>No. |                        | Actual<br>2025        | Actual<br>2025 | Actual<br>2025 | Actual<br>2025 | Actual<br>2025 | Actual<br>2025 | Actual<br>2025 | projected<br>2025 | projected<br>2025 | projected<br>2025 | projected<br>2026 | projected<br>2026 | projected<br>2026 |                                                    |                             |                            |                                                 |                             |
| 1           | New Business           |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 2           | Mains                  | \$ 95                 | \$ 2,769,781   | \$ 1,646,766   | \$ 1,845,864   | \$ 2,910,734   | \$ 794,039     | \$ 1,548,294   | \$ 2,916,200      | \$ 2,768,857      | \$ 2,822,755      | \$ 2,244,429      | \$ 2,115,430      | \$ 2,425,811      | \$ 26,809,054                                      | -                           | -                          | 26,809,054                                      | 15,293,482                  |
| 3           | Services               | \$ -                  | \$ 2,373,446   | \$ 2,401,037   | \$ 2,233,138   | \$ 2,063,022   | \$ 1,856,865   | \$ 1,793,093   | \$ 3,666,878      | \$ 3,369,030      | \$ 3,695,497      | \$ 2,545,182      | \$ 2,398,897      | \$ 2,750,869      | \$ 31,146,952                                      | -                           | -                          | 31,146,952                                      | 18,426,352                  |
| 4           | Meters                 | \$ 101                | \$ 2,343,915   | \$ 1,308,946   | \$ 1,628,815   | \$ 2,298,745   | \$ 779,188     | \$ 268,592     | \$ 638,930        | \$ 530,468        | \$ 459,054        | \$ 950,605        | \$ 1,391,510      | \$ 1,601,745      | \$ 14,200,614                                      | -                           | -                          | 14,200,614                                      | 5,572,313                   |
| 5           | Regulators             | \$ -                  | \$ 136,231     | \$ 121,959     | \$ 165,346     | \$ 140,689     | \$ 94,119      | \$ 131,563     | \$ 62,874         | \$ 64,000         | \$ 64,000         | \$ 25,336         | \$ 106,131        | \$ 38,610         | \$ 1,150,858                                       | -                           | -                          | 1,150,858                                       | 360,951                     |
| 6           | Total New Business     | \$ 196                | \$ 7,623,373   | \$ 5,478,708   | \$ 5,873,163   | \$ 7,413,190   | \$ 3,524,209   | \$ 3,741,542   | \$ 7,284,882      | \$ 6,732,355      | \$ 7,041,306      | \$ 5,765,552      | \$ 6,011,967      | \$ 6,817,035      | \$ 73,307,478                                      | -                           | -                          | 73,307,478                                      | 39,653,097                  |
| 7           |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 8           | Improvement Mains      | \$ -                  | \$ 42,910      | \$ 6,680       | \$ (37,372)    | \$ (105)       | \$ 13,842      | \$ 147,587     | \$ 116,420        | \$ 193,257        | \$ 156,835        | \$ 32,414         | \$ 31,268         | \$ 93,821         | \$ 797,557                                         | -                           | -                          | 797,557                                         | 624,014                     |
| 9           |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 10          | Replacements           |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 11          | Replacement Mains      | \$ 820,492            | \$ 2,055,842   | \$ 2,826,349   | \$ 3,964,937   | \$ 3,744,166   | \$ 2,216,513   | \$ 2,517,245   | \$ 1,020,913      | \$ 756,257        | \$ 778,798        | \$ 735,272        | \$ 552,057        | \$ 829,951        | \$ 22,818,793                                      | -                           | 351,442                    | 22,467,351                                      | 4,673,249                   |
| 12          | Replacement Services   | \$ (38)               | \$ 1,472,028   | \$ 852,398     | \$ 1,080,923   | \$ 1,136,470   | \$ 824,442     | \$ 919,082     | \$ 488,184        | \$ 489,751        | \$ 506,931        | \$ 322,744        | \$ 311,403        | \$ 382,819        | \$ 8,787,138                                       | -                           | -                          | 8,787,138                                       | 2,501,832                   |
| 13          | Leak Clamping          | \$ -                  | \$ 255,848     | \$ 260,502     | \$ 161,179     | \$ 230,641     | \$ 262,134     | \$ 269,408     | \$ 249,784        | \$ 232,352        | \$ 245,632        | \$ 207,818        | \$ 270,154        | \$ 244,058        | \$ 2,889,511                                       | -                           | -                          | 2,889,511                                       | 1,449,798                   |
| 14          | Replacement Meters     | \$ 422,139            | \$ 343,481     | \$ 338,628     | \$ 61,747      | \$ 108,664     | \$ 410,268     | \$ 134,548     | \$ 573,297        | \$ 663,874        | \$ 665,246        | \$ 511,384        | \$ 503,301        | \$ 679,509        | \$ 5,416,084                                       | -                           | -                          | 5,416,084                                       | 3,596,610                   |
| 15          | Replacement Regulators | \$ -                  | \$ 302,074     | \$ 197,353     | \$ 445,392     | \$ 274,587     | \$ 58,172      | \$ 88,946      | \$ 372,524        | \$ 527,959        | \$ 523,997        | \$ 387,653        | \$ 513,539        | \$ 524,827        | \$ 4,217,024                                       | -                           | -                          | 4,217,024                                       | 2,850,500                   |
| 16          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 17          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 18          | Total Replacements     | \$ 1,242,593          | \$ 4,429,274   | \$ 4,475,229   | \$ 5,714,179   | \$ 5,494,529   | \$ 3,771,528   | \$ 3,929,228   | \$ 2,704,702      | \$ 2,670,194      | \$ 2,720,604      | \$ 2,164,870      | \$ 2,150,455      | \$ 2,661,164      | \$ 44,128,551                                      | -                           | 351,442                    | 43,777,108                                      | 15,071,990                  |
| 19          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 20          | Automotive Equipment   | \$ 2,725,806          | \$ 255,029     | \$ 237,853     | \$ 9,682       | \$ 80,349      | \$ 1,367,287   | \$ 962,317     | \$ 650,000        | \$ 400,000        | \$ 550,000        | \$ -              | \$ 750,000        | \$ 500,000        | \$ 8,488,322                                       | -                           | -                          | 8,488,322                                       | 2,850,000                   |
| 21          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 22          | Production Equipment   | \$ 18,635,525         | \$ 3,446,822   | \$ 628,472     | \$ 513,066     | \$ 621,830     | \$ 241,997     | \$ 607,569     | \$ 108,574        | \$ 496,447        | \$ 21,440         | \$ -              | \$ -              | \$ 500            | \$ 25,322,243                                      | 25,233,981                  | -                          | 88,262                                          | 626,961                     |
| 23          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 24          | Transmission Equipment | \$ 9,284,280          | \$ 1,546,999   | \$ 104,840     | \$ (395,252)   | \$ 105,872     | \$ 202,861     | \$ 382,925     | \$ 2,749,768      | \$ 118,337        | \$ 54,680         | \$ 18,269         | \$ 18,269         | \$ 18,269         | \$ 14,210,118                                      | 8,927,094                   | 59,074                     | 5,223,950                                       | 2,977,593                   |
| 25          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 26          | Distribution Equipment | \$ 1,496,384          | \$ 891,198     | \$ 2,161,938   | \$ 5,893,044   | \$ 4,099,537   | \$ 3,240,589   | \$ 1,775,218   | \$ 3,391,032      | \$ 4,091,535      | \$ 2,243,599      | \$ 2,880,937      | \$ 2,788,128      | \$ 2,806,254      | \$ 37,759,394                                      | 22,463,142                  | 12,751,137                 | 2,545,115                                       | 18,201,485                  |
| 27          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 28          | Building Improvements  | \$ 893,533            | \$ 90,066      | \$ 253,312     | \$ 437,518     | \$ 786,857     | \$ 712,087     | \$ 1,274,645   | \$ 1,183,359      | \$ 1,258,481      | \$ 757,632        | \$ 61,500         | \$ 61,500         | \$ 61,500         | \$ 7,831,990                                       | 2,662,634                   | -                          | 5,169,357                                       | 3,383,972                   |
| 29          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 30          | Cathodic Protection    | \$ 18,833             | \$ 40,031      | \$ 43,140      | \$ 73,751      | \$ 77,630      | \$ 94,039      | \$ 42,828      | \$ 82,182         | \$ 76,067         | \$ 47,624         | \$ 76,534         | \$ 68,110         | \$ 78,476         | \$ 819,245                                         | -                           | -                          | 819,245                                         | 428,992                     |
| 31          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 32          | Information Technology | \$ 12,979,377         | \$ 9,678,698   | \$ 7,296,638   | \$ 4,338,712   | \$ 5,438,833   | \$ 2,733,871   | \$ 3,262,002   | \$ 1,784,120      | \$ 2,163,113      | \$ 1,124,143      | \$ 990,199        | \$ 793,563        | \$ 415,753        | \$ 52,999,023                                      | 13,097,808                  | -                          | 39,901,215                                      | 7,270,891                   |
| 33          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 34          | TOTAL SJG Capex        | \$ 47,276,529         | \$ 28,044,401  | \$ 20,686,809  | \$ 22,420,492  | \$ 24,118,523  | \$ 15,902,310  | \$ 16,125,862  | \$ 20,055,040     | \$ 18,199,786     | \$ 14,717,862     | \$ 11,990,275     | \$ 12,673,260     | \$ 13,452,772     | \$ 265,663,920                                     | 72,384,658                  | 13,161,653                 | 180,117,609                                     | 91,088,995                  |
| 35          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 36          | Total Retirements      | \$ -                  | \$ (1,230,834) | \$ (2,562,467) | \$ (4,076,724) | \$ (3,109,035) | \$ (1,255,522) | \$ (3,553,378) | \$ (3,001,023)    | \$ (3,001,023)    | \$ (3,001,023)    | \$ (3,001,023)    | \$ (3,001,023)    | \$ (3,001,023)    | \$ (33,794,098)                                    |                             |                            |                                                 | (18,006,137)                |
| 37          |                        |                       |                |                |                |                |                |                |                   |                   |                   |                   |                   |                   |                                                    |                             |                            |                                                 |                             |
| 38          | Total                  | \$ 47,276,529         | \$ 26,813,567  | \$ 18,124,342  | \$ 18,343,767  | \$ 21,009,488  | \$ 14,646,788  | \$ 12,572,484  | \$ 17,054,017     | \$ 15,198,763     | \$ 11,716,840     | \$ 8,989,252      | \$ 9,672,237      | \$ 10,451,749     | \$ 231,869,822                                     | \$ 72,384,658               | \$ 13,161,653              | \$ 180,117,609                                  | \$ 73,082,858               |

**SOUTH JERSEY GAS COMPANY**  
**TEST YEAR LARGE PROJECTS**  
**PROFORMA ADJUSTMENTS TO SEPTEMBER 30, 2025 RATE BASE**

| Line No. | FERC Project Name                                    |                                                             | Projected In Service Date | Test Year (Includes Pre Test Year) |                    |               | 6 Months Post Test Year Projected | Total At Sep-26 |
|----------|------------------------------------------------------|-------------------------------------------------------------|---------------------------|------------------------------------|--------------------|---------------|-----------------------------------|-----------------|
|          |                                                      |                                                             |                           | Actual                             | Spending Projected | Total         |                                   |                 |
| 1        | 369000                                               | 24643 RNG - ACUA - Atlantic Co. Utility A                   | 05/28/2025                | \$ 4,858,240                       | \$ (6,169)         | \$ 4,852,071  | \$ -                              | \$ 4,852,071    |
| 2        | 367100                                               | 24897A - P2G South Harrison                                 | 3/1/2026                  | \$ 1,892,000                       | \$ -               | \$ 1,892,000  | \$ -                              | \$ 1,892,000    |
| 3        | 309000                                               | 24897B - P2G South Harrison                                 | 3/1/2026                  | \$ 3,332,418                       | \$ 40,729          | \$ 3,373,147  | \$ -                              | \$ 3,373,147    |
| 4        | 369000                                               | 24897C - P2G South Harrison                                 | 3/1/2026                  | \$ 10,949,406                      | \$ 133,826         | \$ 11,083,232 | \$ -                              | \$ 11,083,232   |
| 5        | 392000                                               | 201513 - WM Woodbine CNG -2024                              | 12/31/2025                | \$ 2,046,555                       | \$ 430,785         | \$ 2,477,340  | \$ -                              | \$ 2,477,340    |
| 6        | 392000                                               | 202199 2025 CNG Dispenser Replacement Project               | 10/31/2025                | \$ 1,530,389                       | \$ 25,802          | \$ 1,556,191  | \$ -                              | \$ 1,556,191    |
| 7        | 367100                                               | 201951 Cape May Lateral Replacement                         | 05/16/2025                | \$ 7,864,773                       | \$ 1,062,321       | \$ 8,927,094  | \$ -                              | \$ 8,927,094    |
| 8        | 376100                                               | 201509 - Lawnside Line - ACX to Monroe Station Offset -2024 | 08/27/2025                | \$ 4,000,943                       | \$ 67,517          | \$ 4,068,460  | \$ -                              | \$ 4,068,460    |
| 9        | 376100                                               | 201512 - Woodbury Line Phase II -2024                       | 10/31/2025                | \$ 14,343,131                      | \$ 219,167         | \$ 14,562,298 | \$ -                              | \$ 14,562,298   |
| 10       | 376100                                               | 202209 2025 Atco Phase II Distribution Improvements         | 12/31/2025                | \$ 60,673                          | \$ 3,771,711       | \$ 3,832,384  | \$ 832,513                        | \$ 4,664,897    |
| 11       | 375000                                               | 202212 2025 Divisional Renovation - Millville               | 10/31/2025                | \$ 2,043,927                       | \$ 618,707         | \$ 2,662,634  | \$ -                              | \$ 2,662,634    |
| 12       | 391373                                               | 201511 - JANA TIMP Risk Model Implementation -2024          | 05/31/2025                | \$ 2,410,880                       | \$ -               | \$ 2,410,880  | \$ -                              | \$ 2,410,880    |
| 13       | 391373                                               | 200631 SJI MWM/ORS Replacement - Shared                     | 9/30/2025                 | \$ 2,893,558                       | \$ 294,099         | \$ 3,187,657  | \$ -                              | \$ 3,187,657    |
| 14       | 391361                                               | 200865 SJG Automated Metering IT                            | 12/31/2025                | \$ 5,542,702                       | \$ -               | \$ 5,542,702  | \$ -                              | \$ 5,542,702    |
| 15       | 391373                                               | 201485 SJI Power Plan Merge ETG into SJG - Shared           | 9/30/2025                 | \$ 1,956,569                       | \$ -               | \$ 1,956,569  | \$ -                              | \$ 1,956,569    |
| 16       |                                                      |                                                             |                           |                                    |                    |               |                                   |                 |
| 17       |                                                      |                                                             |                           |                                    |                    |               |                                   |                 |
| 18       |                                                      |                                                             |                           |                                    |                    |               |                                   |                 |
| 19       | Totals                                               |                                                             |                           | \$ 65,726,164                      | \$ 6,658,495       | \$ 72,384,658 | \$ 832,513                        | \$ 73,217,171   |
| 20       |                                                      |                                                             |                           |                                    |                    |               |                                   |                 |
| 21       | <b>Adjustment for Inservice Projects</b>             |                                                             |                           |                                    |                    |               |                                   |                 |
| 22       | 369000                                               | 24643 RNG - ACUA - Atlantic Co. Utility A                   | 05/28/2025                | \$ (4,858,240)                     |                    | (4,858,240)   |                                   | \$ (4,858,240)  |
| 23       | 367100                                               | 201951 Cape May Lateral Replacement                         | 05/16/2025                | \$ (7,864,773)                     |                    | (7,864,773)   |                                   | \$ (7,864,773)  |
| 24       | 376100                                               | 201509 - Lawnside Line - ACX to Monroe Station Offset -2024 | 08/27/2025                | \$ (4,000,943)                     |                    | (4,000,943)   |                                   | \$ (4,000,943)  |
| 25       | 391373                                               | 201511 - JANA TIMP Risk Model Implementation -2024          | 05/31/2025                | \$ (2,410,880)                     |                    | (2,410,880)   |                                   | \$ (2,410,880)  |
| 26       | 391373                                               | 200631 SJI MWM/ORS Replacement - Shared                     | 9/30/2025                 | \$ (2,893,558)                     |                    | (2,893,558)   |                                   | \$ (2,893,558)  |
| 27       | 391373                                               | 201485 SJI Power Plan Merge ETG into SJG - Shared           | 9/30/2025                 | \$ (1,956,569)                     |                    | (1,956,569)   |                                   | \$ (1,956,569)  |
| 28       |                                                      |                                                             |                           | \$ (23,984,963)                    | \$ -               | (23,984,963)  | \$ -                              | \$ (23,984,963) |
| 29       |                                                      |                                                             |                           |                                    |                    |               |                                   |                 |
| 30       | <b>TOTAL TEST YEAR LARGE PROJECTS NOT IN SERVICE</b> |                                                             |                           | \$ 41,741,201                      | \$ 6,658,495       | \$ 48,399,695 | \$ 832,513                        | \$ 49,232,208   |



SOUTH JERSEY GAS COMPANY  
POST-TEST YEAR PLANT ADDITIONS  
PRO FORMA ADJUSTMENT TO MARCH 31, 2026 RATE BASE

| Line No.                      | April Projected 2026 | May Projected 2026   | June Projected 2026  | July Projected 2026  | August Projected 2026 | September Projected 2026 | Total Post Test Year | EP-2.1 TY Large Projects | EP-4 PTY Large Projects | Total Post Test Year excluding Large Projects |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--------------------------|----------------------|--------------------------|-------------------------|-----------------------------------------------|
| 1 <b><u>New Business</u></b>  |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 2 Mains                       | \$ 1,543,544         | \$ 1,637,902         | \$ 2,035,124         | \$ 1,457,907         | \$ 1,640,584          | \$ 1,777,024             | \$ 10,092,085        | \$ -                     | \$ -                    | \$ 10,092,085                                 |
| 3 Services                    | \$ 1,750,379         | \$ 1,857,381         | \$ 2,307,830         | \$ 1,653,266         | \$ 1,860,422          | \$ 1,927,304             | \$ 11,356,582        | \$ -                     | \$ -                    | \$ 11,356,582                                 |
| 4 Meters                      | \$ 968,391           | \$ 1,195,540         | \$ 927,330           | \$ 1,104,466         | \$ 1,136,004          | \$ 1,096,063             | \$ 6,427,795         | \$ -                     | \$ -                    | \$ 6,427,795                                  |
| 5 Regulators                  | \$ 112,874           | \$ 68,170            | \$ 106,131           | \$ 38,610            | \$ 72,874             | \$ 68,170                | \$ 466,829           | \$ -                     | \$ -                    | \$ 466,829                                    |
| 6 <b>Total New Business</b>   | \$ 4,375,189         | \$ 4,758,993         | \$ 5,376,415         | \$ 4,254,249         | \$ 4,709,884          | \$ 4,868,561             | \$ 28,343,292        |                          | \$ -                    | \$ 28,343,292                                 |
| 7                             |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 8 Improvement Mains           | \$ 134,656           | \$ 93,168            | \$ 63,953            | \$ 63,825            | \$ 82,570             | \$ 80,117                | \$ 518,289           | \$ -                     | \$ -                    | \$ 518,289                                    |
| 9                             |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 10 <b><u>Replacements</u></b> |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 11 Replacement Mains          | \$ 1,204,392         | \$ 1,575,637         | \$ 4,143,108         | \$ 2,497,164         | \$ 2,457,995          | \$ 2,436,058             | \$ 14,314,354        | \$ -                     | \$ 9,900,683            | \$ 4,413,671                                  |
| 12 Replacement Services       | \$ 399,174           | \$ 426,426           | \$ 348,272           | \$ 479,248           | \$ 440,026            | \$ 427,041               | \$ 2,520,186         | \$ -                     | \$ -                    | \$ 2,520,186                                  |
| 13 Leak Clamping              | \$ 255,862           | \$ 283,919           | \$ 218,681           | \$ 202,072           | \$ 188,985            | \$ 255,086               | \$ 1,404,605         | \$ -                     | \$ -                    | \$ 1,404,605                                  |
| 14 Replacement Meters         | \$ 500,265           | \$ 322,029           | \$ 572,426           | \$ 656,716           | \$ 689,236            | \$ 780,378               | \$ 3,521,049         | \$ -                     | \$ -                    | \$ 3,521,049                                  |
| 15 Replacement Regulators     | \$ 288,147           | \$ 470,223           | \$ 693,014           | \$ 570,911           | \$ 590,446            | \$ 608,826               | \$ 3,221,568         | \$ -                     | \$ -                    | \$ 3,221,568                                  |
| 16                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 17                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 18 <b>Total Replacements</b>  | \$ 2,647,841         | \$ 3,078,234         | \$ 5,975,500         | \$ 4,406,111         | \$ 4,366,689          | \$ 4,507,388             | \$ 24,981,762        | \$ -                     | \$ 9,900,683            | \$ 15,081,079                                 |
| 19                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 20 Automotive Equipment       | \$ -                 | \$ 750,000           | \$ 800,000           | \$ 650,000           | \$ 250,000            | \$ -                     | \$ 2,450,000         | \$ -                     | \$ -                    | \$ 2,450,000                                  |
| 21                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 22 Production Equipment       | \$ 18,500            | \$ 7,250             | \$ 5,000             | \$ 12,000            | \$ 1,000              | \$ -                     | \$ 43,750            | \$ -                     | \$ -                    | \$ 43,750                                     |
| 23                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 24 Transmission Equipment     | \$ 125,510           | \$ 124,972           | \$ 369,082           | \$ 1,035,158         | \$ 673,918            | \$ 98,454                | \$ 2,427,095         | \$ -                     | \$ 1,802,481            | \$ 624,614                                    |
| 25                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 26 Distribution Equipment     | \$ 2,755,148         | \$ 3,069,074         | \$ 1,090,804         | \$ 402,449           | \$ 472,769            | \$ 591,901               | \$ 8,382,146         | \$ 832,513               | \$ 5,491,247            | \$ 2,058,387                                  |
| 27                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 28 Building Improvements      | \$ 61,500            | \$ 61,500            | \$ 61,500            | \$ 61,500            | \$ 61,500             | \$ 61,500                | \$ 369,000           | \$ -                     | \$ -                    | \$ 369,000                                    |
| 29                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 30 Cathodic Protection        | \$ 88,216            | \$ 68,948            | \$ 74,778            | \$ 83,771            | \$ 88,397             | \$ 85,189                | \$ 489,298           | \$ -                     | \$ -                    | \$ 489,298                                    |
| 31                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 32 Information Technology     | \$ 463,333           | \$ 298,663           | \$ 199,376           | \$ 924,974           | \$ 127,782            | \$ 104,118               | \$ 2,118,246         | \$ -                     | \$ -                    | \$ 2,118,246                                  |
| 33                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 34 <b>TOTAL SJG Capex</b>     | <b>\$ 10,669,892</b> | <b>\$ 12,310,802</b> | <b>\$ 14,016,408</b> | <b>\$ 11,894,037</b> | <b>\$ 10,834,509</b>  | <b>\$ 10,397,228</b>     | <b>\$ 70,122,877</b> | <b>\$ 832,513</b>        | <b>\$ 17,194,411</b>    | <b>\$ 52,095,953</b>                          |
| 35                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 36 Total Retirements          | \$ (3,001,023)       | \$ (3,001,023)       | \$ (3,001,023)       | \$ (3,001,023)       | \$ (3,001,023)        | \$ (3,001,023)           | \$ (18,006,137)      |                          |                         | \$ (18,006,137)                               |
| 37                            |                      |                      |                      |                      |                       |                          |                      |                          |                         |                                               |
| 38 <b>Total</b>               | <b>\$ 7,668,869</b>  | <b>\$ 9,309,780</b>  | <b>\$ 11,015,385</b> | <b>\$ 8,893,014</b>  | <b>\$ 7,833,486</b>   | <b>\$ 7,396,205</b>      | <b>\$ 52,116,740</b> | <b>\$ 832,513</b>        | <b>\$ 17,194,411</b>    | <b>\$ 34,089,816</b>                          |

SOUTH JERSEY GAS COMPANY  
POST-TEST YEAR LARGE PROJECTS  
PRO FORMA ADJUSTMENT TO MARCH 31, 2026 RATE BASE

| Line<br>No. |                                     |                                                  | Projected              | Test Year (Includes Pre Test Year) |               |               | 6 Months<br>Post Test Year | Total At            |
|-------------|-------------------------------------|--------------------------------------------------|------------------------|------------------------------------|---------------|---------------|----------------------------|---------------------|
|             | FERC                                | Project Name                                     | TYPE                   | In Service Date                    | Actual        | Projected     | Total                      | Projected<br>Sep-26 |
| 1           | 376100                              | 202211 2025 Glassboro Lateral Replacement        | Replacement Mains      | 6/30/2026                          | \$ 40,313     | \$ 142,145    | \$ 182,458                 | \$ 7,447,139        |
| 2           | 376100                              | 202327 Cape May Lateral Phase 2                  | Distribution Equipment | 6/30/2026                          | \$ 331,878    | \$ 12,419,259 | \$ 12,751,137              | \$ 5,491,247        |
| 3           | 376100                              | 202207 2025 Mantua Grove Road System Improvement | Replacement Mains      | 8/31/2026                          | \$ 101,682    | \$ 67,302     | \$ 168,984                 | \$ 2,453,544        |
| 4           | 367100                              | 24445-8 Steel Transmission Rt 130 Logan Twp      | Transmission Equipment | 8/31/2026                          | \$ 58,085     | \$ 988        | \$ 59,074                  | \$ 1,802,481        |
| 5           |                                     |                                                  |                        |                                    |               |               |                            |                     |
| 6           |                                     |                                                  |                        |                                    |               |               |                            |                     |
| 7           |                                     |                                                  |                        |                                    |               |               |                            |                     |
| 8           | Total Post Test Year Large Projects |                                                  |                        |                                    | \$ 531,959    | \$ 12,629,694 | \$ 13,161,653              | \$ 17,194,411       |
|             |                                     |                                                  |                        |                                    | \$ 30,356,064 |               |                            |                     |

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**JOHN L. HOUSEMAN**

**Director of Accounting**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-5**

**November 25, 2025**

## TABLE OF CONTENTS

|              |                                                      |           |
|--------------|------------------------------------------------------|-----------|
| <b>I.</b>    | <b>INTRODUCTION.....</b>                             | <b>1</b>  |
| <b>II.</b>   | <b>PURPOSE OF TESTIMONY .....</b>                    | <b>2</b>  |
| <b>III.</b>  | <b>FILING REQUIREMENTS UNDER N.J.A.C. ....</b>       | <b>4</b>  |
| <b>IV.</b>   | <b>DEPRECIATION ADJUSTMENTS.....</b>                 | <b>4</b>  |
| <b>V.</b>    | <b>FEDERAL AND STATE DEFERRED INCOME TAXES .....</b> | <b>7</b>  |
| <b>VI.</b>   | <b>INTEREST SYNCHRONIZATION .....</b>                | <b>8</b>  |
| <b>VII.</b>  | <b>FOLSOM OFFICE COSTS .....</b>                     | <b>8</b>  |
| <b>VIII.</b> | <b>REGULATORY ASSETS.....</b>                        | <b>9</b>  |
| <b>IX.</b>   | <b>CONCLUSION .....</b>                              | <b>13</b> |

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
JOHN L. HOUSEMAN**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A.** My name is John L. Houseman. My business address is 1 South Jersey Plaza, Folsom, New Jersey 08037.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

**A.** I am employed by South Jersey Industries, Inc. ("SJI") as Director of Accounting.

**Q. PLEASE DESCRIBE YOUR PROFESSIONAL RESPONSIBILITIES.**

**A.** I manage overall accounting functions of SJI Utilities, Inc. ("SJIU") and its subsidiaries, specifically including South Jersey Gas Company ("SJG" or "Company"). My responsibilities include all general accounting, plant accounting and finance functions including, but not limited to, the review of monthly and quarterly consolidations and reporting packages, the preparation and review of quarterly and annual financial statements, and the preparation and review of technical accounting support and related analysis.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND INDUSTRY-RELATED EXPERIENCE.**

**A.** I graduated from Rutgers University in 1996 with a Bachelor of Science in Accounting. I am a Certified Public Accountant, holding a license from the State of New Jersey. After receiving my degree, I was initially employed by Baratz & Associates, P.A. as a Staff Accountant. After that I was employed by New Jersey American Water Company holding roles in Accounting and Finance, serving as a Senior Financial Analyst before joining

1 Pinnacle Foods Group, Inc. as a Financial Reporting Manager. I was then employed by  
2 American Water from 2006 through 2020 working principally in the Controller's  
3 organization, most recently as a Divisional Controller. I joined SJI in March 2020 as a  
4 Director of Accounting.

5  
6 **II. PURPOSE OF TESTIMONY**

7 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

8 **A.** The purpose of my direct testimony is to support SJG's base rate filing with the New Jersey  
9 Board of Public Utilities ("BPU" or "Board"). I sponsor various financial and accounting  
10 data required by the Board's regulations as set forth in Section 14:1-5.12 of the New Jersey  
11 Administrative Code ("N.J.A.C."). The information required by the Board's regulations  
12 consists of balance sheets, income statements and other financial data. I will also discuss  
13 certain elements of the revenue requirement including the calculation of depreciation  
14 expense, the interest synchronization adjustment, the determination of the amounts of  
15 accumulated depreciation and accumulated deferred Federal and State Income Taxes  
16 included in rate base, the accumulated deferred pension and postretirement benefit costs,  
17 and the recovery of costs associated with the Company's Folsom New Jersey office  
18 building. I will discuss SJG's proposals to reflect and recover certain regulatory assets in  
19 the revenue requirement in this proceeding. These regulatory assets include, but are not  
20 limited to, pension and other post-employment benefits ("OPEB") costs, costs related to  
21 federal pipeline safety regulations, costs related to the Transportation Security  
22 Administration ("TSA") Security Directives and costs associated with the Company's  
23 planned Utility Alignment Project.

1 **Q. DO YOU SPONSOR ANY SCHEDULES IN YOUR DIRECT TESTIMONY?**

2 **A.** Yes. I am sponsoring the following schedules which were prepared or compiled under my  
3 direction and supervision:

- 4 • Schedule JLH-1 – SJG’s Balance Sheet at December 31, 2022, 2023 (Confidential) and  
5 2024 (Confidential) and at September 30, 2025 (Confidential);
- 6 • Schedule JLH-2 – SJG’s Statements of Income for the twelve months ended December  
7 31, 2022, 2023 (Confidential) and 2024 (Confidential);
- 8 • Schedule JLH-3 – SJG’s Statement of Gas Operating Revenues for the twelve months  
9 ended December 31, 2024;
- 10 • Schedule JLH-4 – SJG’s Payments and Accruals to Affiliates for the twelve months  
11 ended December 31, 2024;
- 12 • Schedule JLH-5 – *Pro Forma* Depreciation Expense & Accumulated Depreciation;
- 13 • Schedule JLH-6 – *Pro Forma* Non-Legal Asset Retirement Obligation (“ARO”)  
14 Amortization;
- 15 • Schedule JLH-7 – Adjusted Deferred FIT Included in Rate Base;
- 16 • Schedule JLH-8 – Adjusted Deferred CBT Included in Rate Base;
- 17 • Schedule JLH-9 – Income Taxes - Interest Synchronization Adjustment;
- 18 • Schedule JLH-10 – *Pro Forma* Revenue and O&M Expense – Folsom Facility;
- 19 • Schedule JLH-11 – *Pro Forma* Pension and Retirement Benefit Expense

20

1    **III.    FILING REQUIREMENTS UNDER N.J.A.C.**

2    **Q.    PLEASE DESCRIBE SCHEDULES JLH-1 THROUGH JLH-4.**

3    **A.**    Schedules JLH-1 through JLH-4 present statements and financial data required by the  
4           Board's regulations. Schedules JLH-1 and JLH-2 provide historical comparative balance  
5           sheets and income statements, respectively, for SJG, at and for the twelve months ended  
6           December 31, 2022, 2023 (Confidential) and 2024 (Confidential). Schedule JLH-1 also  
7           provides the most recent balance sheet as of September 30, 2025 (Confidential). Schedule  
8           JLH-3 provides SJG's statement of gas operating revenues for the twelve months ended  
9           December 31, 2024 and Schedule JLH-4 provides SJG's payments and accruals to affiliates  
10          for the twelve months ended December 31, 2024.

11  
12   **IV.    DEPRECIATION ADJUSTMENTS**

13   **Q.    PLEASE EXPLAIN THE COMPANY'S CALCULATION OF DEPRECIATION**  
14   **EXPENSE AND ACCUMULATED DEPRECIATION.**

15   **A.**    Schedule JLH-5 is a summary of *pro forma* adjustments to depreciation expense and  
16          accumulated depreciation. These adjustments are reflected on line 11 of Schedule CLC-3  
17          (Operating Income Statement) and on line 2 of Schedule CLC-2 (Statement of Rate Base),  
18          to the Direct Testimony of Company witness Cindy L. Capozzoli.

19           The first adjustment on Schedule JLH-5 is the annualization of depreciation  
20          expense utilizing the Company's proposed depreciation rates, as discussed in the Direct  
21          Testimony of Dane A. Watson. The resulting adjustment totaling \$1,653,780 (Schedule  
22          JLH-5, line 7) is based upon projected depreciable plant as of the test year ending March



1 31, 2026. This adjustment is necessary to reflect the proper annual level of depreciation  
2 expense as of the end of the test year.

3 The second adjustment reflects additional annual depreciation expense associated  
4 with projected post-test year net plant additions of \$64,445,880 from April 2026 to  
5 September 2026, as discussed in the Direct Testimonies of the Engineering Panel as well  
6 as Company witness Cindy Capozzoli. The resulting increase in depreciation expense  
7 related to post-test year plant is \$1,615,525 (line 9).

8 Also included in Schedule JLH-5 is the impact of the additional post-test year  
9 depreciation expense, retirements, and cost of removal on the Company's provision for  
10 Accumulated Depreciation. The total adjustments result in a \$38,339,322 increase in the  
11 provision for Accumulated Depreciation, which is included on line 2 of Schedule CLC-2  
12 (Statement of Rate Base) to Ms. Capozzoli's testimony.

13 **Q. PLEASE EXPLAIN THE COMPANY'S ADJUSTMENT FOR THE NON-LEGAL**  
14 **ASSET RETIREMENT OBLIGATION.**

15 **A.** Under the Board-approved stipulation that resolved the Company's base rate case in BPU  
16 Docket No. GR17010071, the parties agreed that SJG would record an annual negative net  
17 salvage allowance of \$4,659,755 and that the Company would be made whole for its actual  
18 cost of removal. In addition, the parties agreed that a regulatory liability for net salvage  
19 owed to customers of \$24,137,762 would be recorded on SJG's books and that current rates  
20 would reflect an annual credit to amortize this liability to customers over 33 and 1/12th  
21 years at a rate of \$729,605. In addition, it was agreed that the Company would continue to  
22 reduce the regulatory liability by the amount by which SJG's actual annual net salvage  
23 expense exceeded the annual net salvage amount of \$4,659,755.

As shown on Schedule JLH-6, net salvage amounts incurred since the conclusion of the Company's previous base rate case in BPU Docket No. GR22040253 ("2022 Base Rate Case") have been less than the annual net salvage allowance provided in rates in that case. As such, the current non-legal ARO amortization must be adjusted again to further incorporate the projected shortfall of \$3,976,883 from the time of the last base rate case through March 31, 2026. Because there will be 24 years, 5 months remaining of the initial 40-year amortization period at the end of the test period, the annual increase in the depreciation credit is \$280,032 (Schedule JLH-6, line 23), which increases the annual amount being returned to customers from \$459,633 to \$739,665.

**Q. PLEASE EXPLAIN THE COMPANY'S NET SALVAGE ADJUSTMENT.**

**A.** The Company proposes a decrease in its annual provision for negative salvage to \$5,616,655 to reflect the average of three consecutive years of expenditures for negative salvage projected through March 31, 2026, which more accurately reflects the level of net salvage currently being incurred primarily as a result of the Company's accelerated infrastructure programs. This adjustment is described more fully in the Direct Testimony of Dane A. Watson.

**Q. DOES THE COMPANY PROPOSE TO CONTINUE THE RATEMAKING/REGULATORY TREATMENT OF NET SALVAGE AGREED TO IN THE COMPANY'S 2022 BASE RATE CASE?**

**A.** Yes. The Company proposes that the updated regulatory liability of \$18,060,152 should be amortized over 24 years, 5 months at an annual rate of \$739,665. The Company further proposes that to the extent that actual net salvage incurred exceeds the annual net salvage

1 of \$5,616,655 established in this proceeding, the Company would credit the difference to  
2 the regulatory liability balance.

3  
4 **V. FEDERAL AND STATE DEFERRED INCOME TAXES**

5 **Q. PLEASE EXPLAIN THE COMPANY'S CALCULATION OF FEDERAL AND**  
6 **STATE DEFERRED INCOME TAXES AS SET FORTH ON SCHEDULES JLH-7**  
7 **AND JLH-8.**

8 **A.** The calculation of deferred Federal and State Income Taxes used to reduce rate base  
9 reflects the normalization of timing differences between book and tax accounting. The  
10 deferred taxes are the accumulation of vintage years' net timing differences calculated at  
11 the statutory tax rates. Federal and State Deferred Taxes included in rate base for the  
12 adjusted test year ending March 31, 2026 are (\$383,188,261) and (\$148,133,805),  
13 respectively. Federal and State Deferred Taxes included in rate base for the adjusted post-  
14 test year ended September 30, 2026 are (\$387,372,336) and (\$150,104,327), respectively.  
15 The derivation of these amounts is shown in Schedules JLH-7 and JLH-8. The deferred  
16 income taxes included in rate base also reflect a reduction for excess deferred income taxes  
17 as described by Company witness Cindy L. Capozzoli. The total from each of these  
18 schedules is included in Schedule CLC-2 to Ms. Capozzoli's testimony.

1   **VI.    INTEREST SYNCHRONIZATION**

2   **Q.    PLEASE EXPLAIN THE COMPANY'S INTEREST SYNCHRONIZATION**  
3   **ADJUSTMENT AS SET FORTH ON SCHEDULE JLH-9.**

4   **A.**   Schedule JLH-9 sets forth the calculation of the *pro forma* adjustment to income tax  
5       expense related to interest expense synchronization. The interest expense synchronization  
6       adjustment is based on the tax effect of the difference in projected annualized interest  
7       expense and test year interest expense. The annualized interest expense is calculated on  
8       the projected rate base shown on Schedule CLC-2 to Ms. Capozzoli's testimony, multiplied  
9       by the total weighted cost of long-term debt of 2.26%, as set forth in the Direct Testimony  
10      of Ann Bulkley. This adjustment is necessary to synchronize the Federal income tax  
11      associated with interest expense in the test year with the projected tax expense based on an  
12      interest calculation using the weighted average cost of debt in the capital structure utilized  
13      to support Rate Base. The resulting \$2,163,753 adjustment is an increase to Federal  
14      Income Taxes included on Schedule CLC-3, Line 19 to Ms. Capozzoli's testimony.

15  
16   **VII.   FOLSOM OFFICE COSTS**

17   **Q.    PLEASE DESCRIBE THE COMPANY'S PROPOSAL TO RECOVER COSTS**  
18   **ASSOCIATED WITH ITS OFFICE LOCATED IN FOLSOM, NEW JERSEY.**

19   **A.**   The Company has owned the Folsom, New Jersey office building for many years. The  
20       Folsom office underwent a substantial renovation that was completed in July 2021. The  
21       office is currently used by SJI to house various administrative functions that are provided  
22       to SJG and its utility and non-utility operating affiliates.

**Q. WHAT COSTS DOES SJG EXPECT TO INCUR IN CONNECTION WITH THE OPERATION AND MAINTENANCE OF THE FOLSOM OFFICE BUILDING?**

**A.** In addition to the capital costs associated with the Folsom office, which are included in rate base, SJG incurs \$1,159,000 of annual operation and maintenance expenses for the Folsom office. This amount compared to the projected test year expense of \$1,061,632 results in a pro forma adjustment of \$97,368, as shown on Schedule JLH-10.

**Q. WILL SJI COMPENSATE SJG FOR THE USE OF THE FOLSOM OFFICE?**

**A.** Yes. SJI pays market-based rent to SJG for the use of the facility. SJG projects that it will receive \$1,806,547 of annual rental income for the Folsom office from SJI. This amount is the same as the projected test year income of \$1,806,547 so no *pro forma* adjustment is required, as shown on Schedule JLH-10.

## **VIII. REGULATORY ASSETS**

**Q. PLEASE EXPLAIN THE COMPANY'S DEFERRED PENSION AND POSTRETIREMENT EXPENSE.**

**A.** In the Company's base rate case in BPU Docket No. GR17010071, the Board authorized the Company to defer incremental pension and postretirement healthcare expenses resulting from an Accounting Standards Update ("ASU") change effective December 15, 2017 that permitted the Company to capitalize only pension and postretirement benefit service costs ("ASU 2017-07"). In the Company's 2022 Base Rate Case, SJG was permitted to continue to defer any such costs incurred prior to the effective date of rates in its next base rate proceeding. The Company projects a total deferral amount of \$1,664,193 as of test year end March 31, 2026, as shown on Schedule JLH-11. The Company proposes

1 a three-year amortization of these costs, as discussed in further detail by Company witness  
2 Capozzoli. In addition, the Company is proposing that it continue to defer any such costs  
3 incurred after the effective date of rates in this proceeding.

4 In addition, the Company is proposing a *pro forma* adjustment of \$23,253 to reduce  
5 ongoing annual income associated with pension and other post-retirement benefits. This  
6 is calculated based on the previously projected monthly deferred income of \$3,571  
7 multiplied by 12 months, as shown on Schedule JLH-11, lines 22-24.

8 **Q. PLEASE DESCRIBE HOW SJG ACCOUNTS FOR TRANSMISSION INTEGRITY**  
9 **MANAGEMENT PROGRAM (“TIMP”)-RELATED COSTS.**

10 **A.** In the Company’s base rate case in BPU Docket No. GR20030243 (“2020 Base Rate  
11 Case”), it was authorized to create a regulatory asset for TIMP costs should the Company  
12 incur such costs prior to the effective date of rates in its next base rate proceeding. This  
13 authority was continued in the 2022 Base Rate Case. No regulatory asset has been  
14 established to date as the Company has yet to spend any material O&M expense amounts  
15 related to the program. However, the federal pipeline safety regulations are continuing to  
16 evolve and likely will result in costs associated with new requirements applicable to SJG  
17 and its transmission lines. Therefore, the Company proposes to continue the authority to  
18 establish a TIMP regulatory asset, as approved in its 2020 Base Rate Case. The need for  
19 this deferral is discussed more fully in the Engineering Panel’s testimony.

20 **Q. PLEASE DESCRIBE HOW SJG ACCOUNTS FOR TRANSPORTATION**  
21 **SECURITY ADMINISTRATION (“TSA”) RELATED COSTS.**

22 **A.** In the Company’s 2022 Base Rate Case, it was authorized to create a regulatory asset for  
23 TSA costs should the Company incur such costs prior to the effective date of rates in its

1 next base rate proceeding. No regulatory asset has been established to date as the Company  
2 has yet to spend any material O&M expense amounts related to the program. However,  
3 the TSA regulations are continuing to evolve and likely will result in costs associated with  
4 new requirements applicable to SJG. Therefore, the Company proposes to continue the  
5 authority to establish a TSA regulatory asset, as approved in its 2022 Base Rate Case.

6 **Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED VINELAND LIQUIFIED**  
7 **NATURAL GAS ("LNG") PROJECT REGULATORY ASSET.**

8 **A.** The Company is requesting authority to create a new regulatory asset to defer any costs  
9 which would otherwise be expensed related to the Vineland LNG Project. The Vineland  
10 LNG Project was proposed to enhance system redundancy through the construction of a  
11 LNG peak shaving facility in Vineland, NJ. The redundancy enhancement is needed to  
12 mitigate the risk of an interstate pipeline disruption on one of SJG's two suppliers. Initial  
13 cost estimates place the project at approximately \$350 million of total costs, based on  
14 preliminary engineering and market conditions. However, contractor bids for the project  
15 came in higher than expected and as a result, SJG concluded that continuing the Vineland  
16 LNG Project is not financially prudent. The Company has incurred approximately \$15  
17 million of costs in the planning and design for this project. Under GAAP, management is  
18 obligated to impair those assets when it is known and measurable that those assets do not  
19 have future value. The Company is still evaluating whether an impairment is required and  
20 is requesting authorization to create a new regulatory asset to permit the Company to seek  
21 to recover those costs in a future base rate case proceeding if it is determined that these  
22 assets must be impaired.

1 **Q. WHY SHOULD THE COMPANY BE PERMITTED TO CREATE A**  
2 **REGULATORY ASSET FOR THE COSTS OF AN ABANDONED FACILITY?**

3 **A.** The Company's decision to decline to proceed with the Vineland LNG facility was in the  
4 best interest of its customers. It is the Company's understanding that the BPU has in the  
5 past permitted utilities to recover costs associated with projects that were canceled because  
6 it was no longer in customers' best interests for the Company to proceed with the project.  
7 The Vineland LNG facility is in such a situation in this proceeding. It should be recognized  
8 that in seeking to create a regulatory asset, the Company is not seeking rate recovery for  
9 this project at this time, the Company is only requesting the right to raise the matter in  
10 future rate proceedings.

11 **Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED UTILITY ALIGNMENT**  
12 **PROJECT REGULATORY ASSET.**

13 **A.** The Company is requesting authority to create a new regulatory asset to defer  
14 implementation costs that would otherwise be expensed related to the planned Utility  
15 Alignment Project. As more fully discussed by the Company's Engineering Panel, the  
16 Company is undertaking a major technological project to provide cloud-based information  
17 systems to replace a variety of existing systems. The Company forecasts that the project  
18 will require the Company to incur \$9 - \$15 million of operating costs between 2026 and  
19 2028 and it is expected that once the project is placed in service – which is forecast to occur  
20 in the last quarter of 2028 – it will create significant savings. Under U.S. GAAP accounting  
21 rules, the operating costs of the project described above must be expensed. Accordingly,  
22 the Company is requesting authority to defer these costs so that the Company may propose  
23 to recover them in a future rate case so that the Board can evaluate whether recovery of the



costs is just and reasonable in light of all relevant surrounding circumstances including whether the project has created offsetting savings.

**IX. CONCLUSION**

**Q. CAN YOU BRIEFLY SUMMARIZE YOUR TESTIMONY?**

**A.** The adjustments presented in this testimony should be adopted by the Board because they are prudent and reasonable. The test year information detailed herein is based upon six months' actual and six months' estimated data. It is the Company's intention to update the test year information and adjustments thereto on a regular basis throughout this proceeding, ending with a 12-month actual test year.

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**A.** Yes, it does.

**SOUTH JERSEY GAS COMPANY**  
**BALANCE SHEET**  
(In Thousands)

December 31,  
2022

---

**Assets****Property, Plant and Equipment:**

|                                     |              |
|-------------------------------------|--------------|
| Utility Plant, at original cost     | \$ 3,814,770 |
| Accumulated Depreciation            | (695,683)    |
|                                     | <hr/>        |
| Property, Plant and Equipment - Net | 3,119,087    |
|                                     | <hr/>        |

**Investments:**

|                        |        |
|------------------------|--------|
| Restricted Investments | 16,951 |
|                        | <hr/>  |
| Total Investments      | 16,951 |
|                        | <hr/>  |

**Current Assets:**

|                                       |          |
|---------------------------------------|----------|
| Cash and Cash Equivalents             | 1,089    |
| Accounts Receivable                   | 154,100  |
| Accounts Receivable - Related Parties | 4,063    |
| Unbilled Revenues                     | 73,545   |
| Provision for Uncollectibles          | (27,510) |
| Natural Gas in Storage, average cost  | 47,103   |
| Materials and Supplies, average cost  | 1,108    |
| Prepaid Taxes                         | 14,230   |
| Derivatives - Energy Related Assets   | 16,884   |
| Other Prepayments and Current Assets  | 15,029   |
|                                       | <hr/>    |
| Total Current Assets                  | 299,641  |
|                                       | <hr/>    |

**Regulatory and Other Noncurrent Assets:**

|                                              |         |
|----------------------------------------------|---------|
| Regulatory Assets                            | 473,684 |
| Contract Receivables                         | 52,599  |
| Derivatives - Energy Related Assets          | 74      |
| Other                                        | 56,394  |
|                                              | <hr/>   |
| Total Regulatory and Other Noncurrent Assets | 582,751 |
|                                              | <hr/>   |

|              |              |
|--------------|--------------|
| Total Assets | \$ 4,018,430 |
|              | <hr/> <hr/>  |

**PRELIMINARY PUBLIC COPY**  
**SOUTH JERSEY GAS COMPANY**  
**BALANCE SHEET**  
(In Thousands)

**Exhibit P-5**

**Schedule JLH-1**  
**Page 2 of 8**  
**6&6**

December 31,  
2022

---

**Capitalization and Liabilities**

**Equity:**

Common Stock, Par Value \$2.50 per share:

Authorized - 4,000,000 shares

Outstanding - 2,339,139 shares

\$ 5,848

Additional Paid In Capital

530,244

Accumulated Other Comprehensive Loss

(5,190)

Retained Earnings

1,120,862

Total Equity

1,651,764

**Long-Term Debt**

971,321

Total Capitalization

2,623,085

**Current Liabilities:**

Notes Payable

142,800

Current Portion of Long-Term Debt

40,084

Accounts Payable & Other Current Liabilities

96,690

Accounts Payable - Related Parties

23,953

Derivatives - Energy Related Liabilities

18,411

Derivatives - Other Current

219

Customer Deposits and Credit Balances

29,460

Environmental Remediation Costs

23,238

Taxes Accrued

2,881

Interest Accrued

12,397

Total Current Liabilities

390,133

**Regulatory and Other Noncurrent Liabilities:**

Regulatory Liabilities

206,679

Deferred Income Taxes

489,290

Environmental Remediation Costs

61,244

Asset Retirement Obligations

112,158

Derivatives - Energy Related Liabilities

1,374

Derivatives - Other Noncurrent

2,644

Other

131,823

Total Regulatory and Other Noncurrent Liabilities

1,005,212

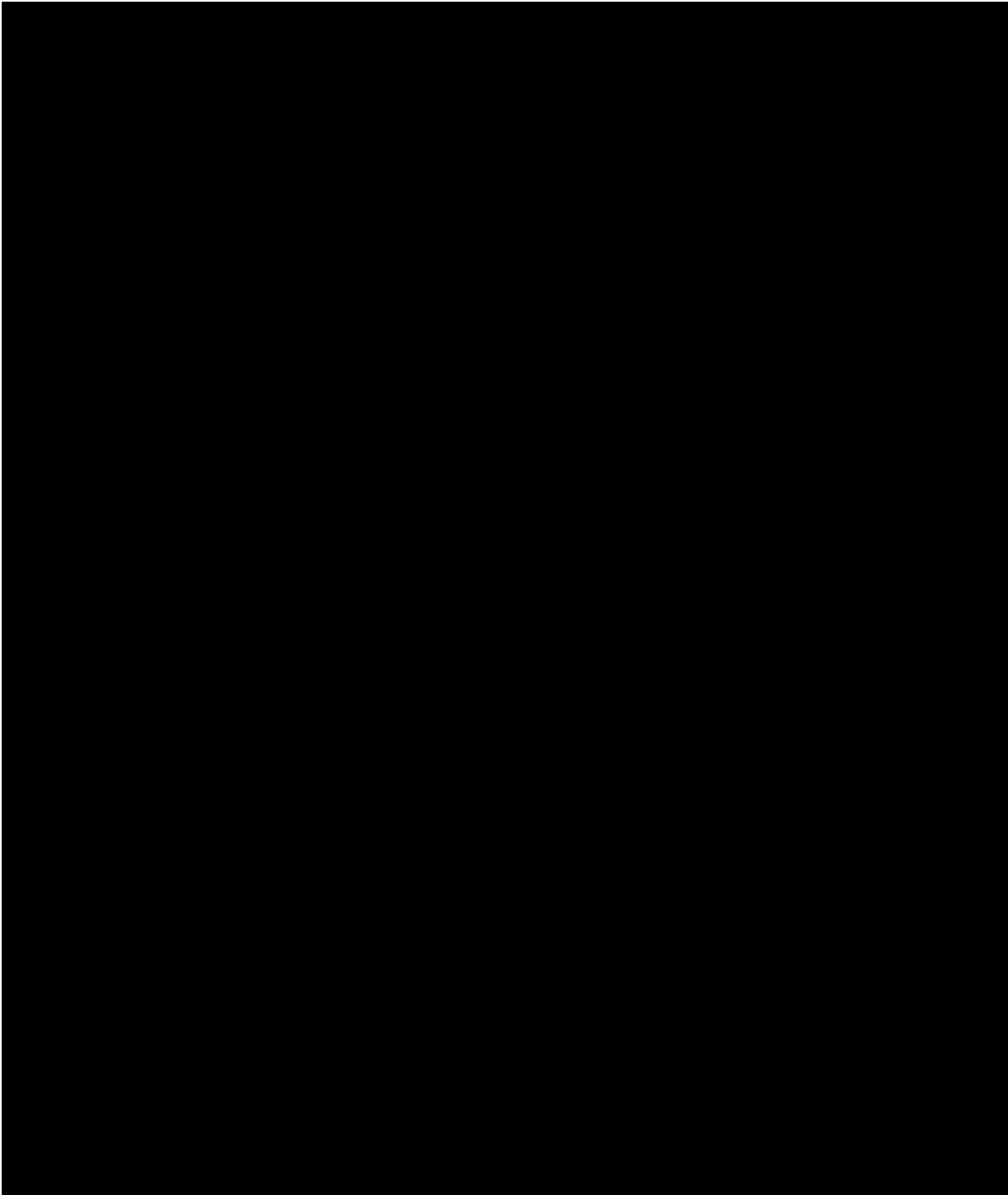
Total Capitalization and Liabilities

\$ 4,018,430

**SOUTH JERSEY GAS COMPANY  
BALANCE SHEET  
(In Thousands)**

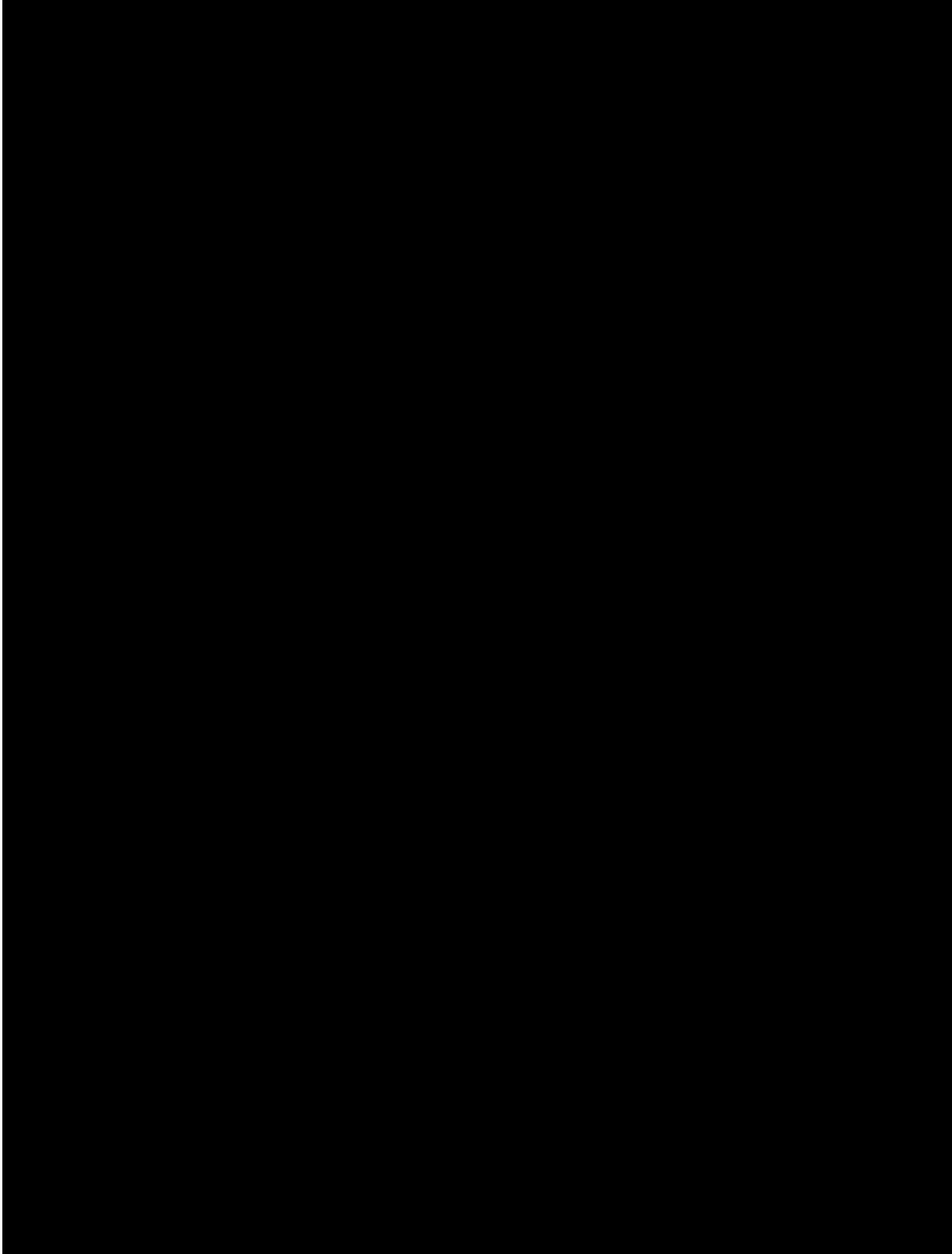
**Schedule JLH-1  
Page 3 of 8  
6&6**

December 31,  
2023



**SOUTH JERSEY GAS COMPANY**  
**BALANCE SHEET**  
**(In Thousands)**

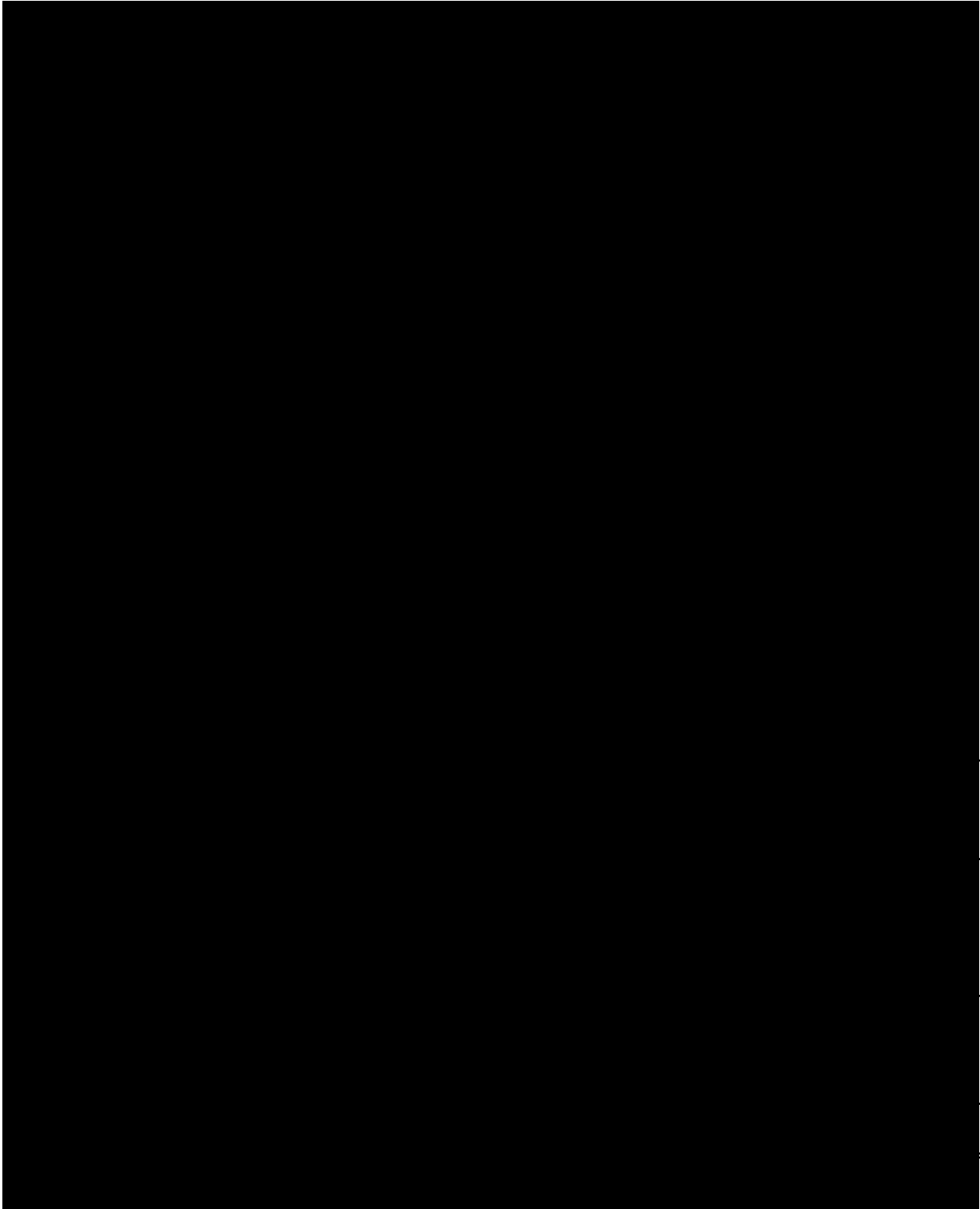
December 31,  
2023



**SOUTH JERSEY GAS COMPANY  
BALANCE SHEET  
(In Thousands)**

**Schedule JLH-1  
Page 5 of 8  
6&6**

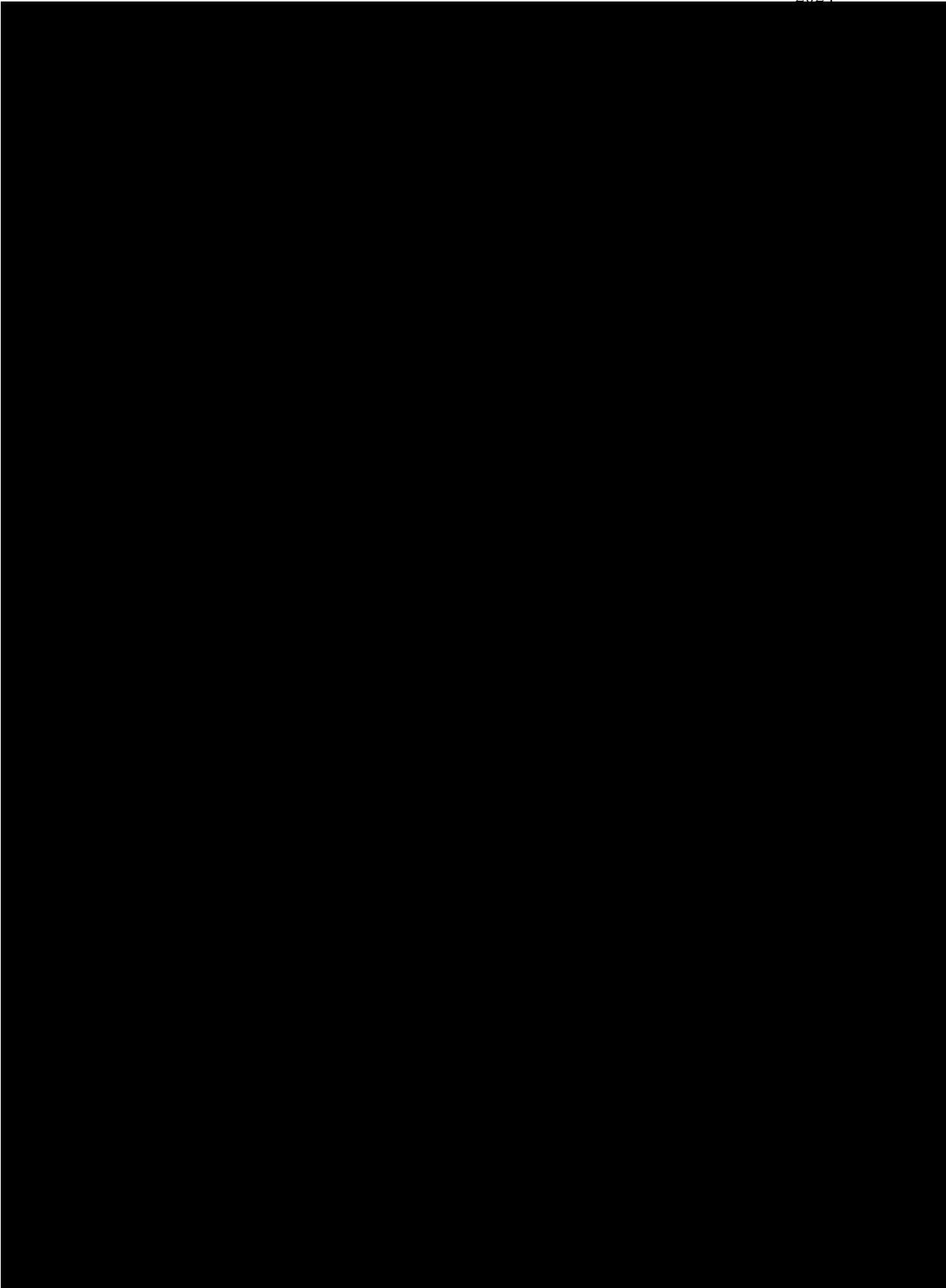
December 31,  
2024



SOUTH JERSEY GAS COMPANY  
BALANCE SHEET  
(In Thousands)

Schedule JLH-1  
Page 6 of 8  
6&6

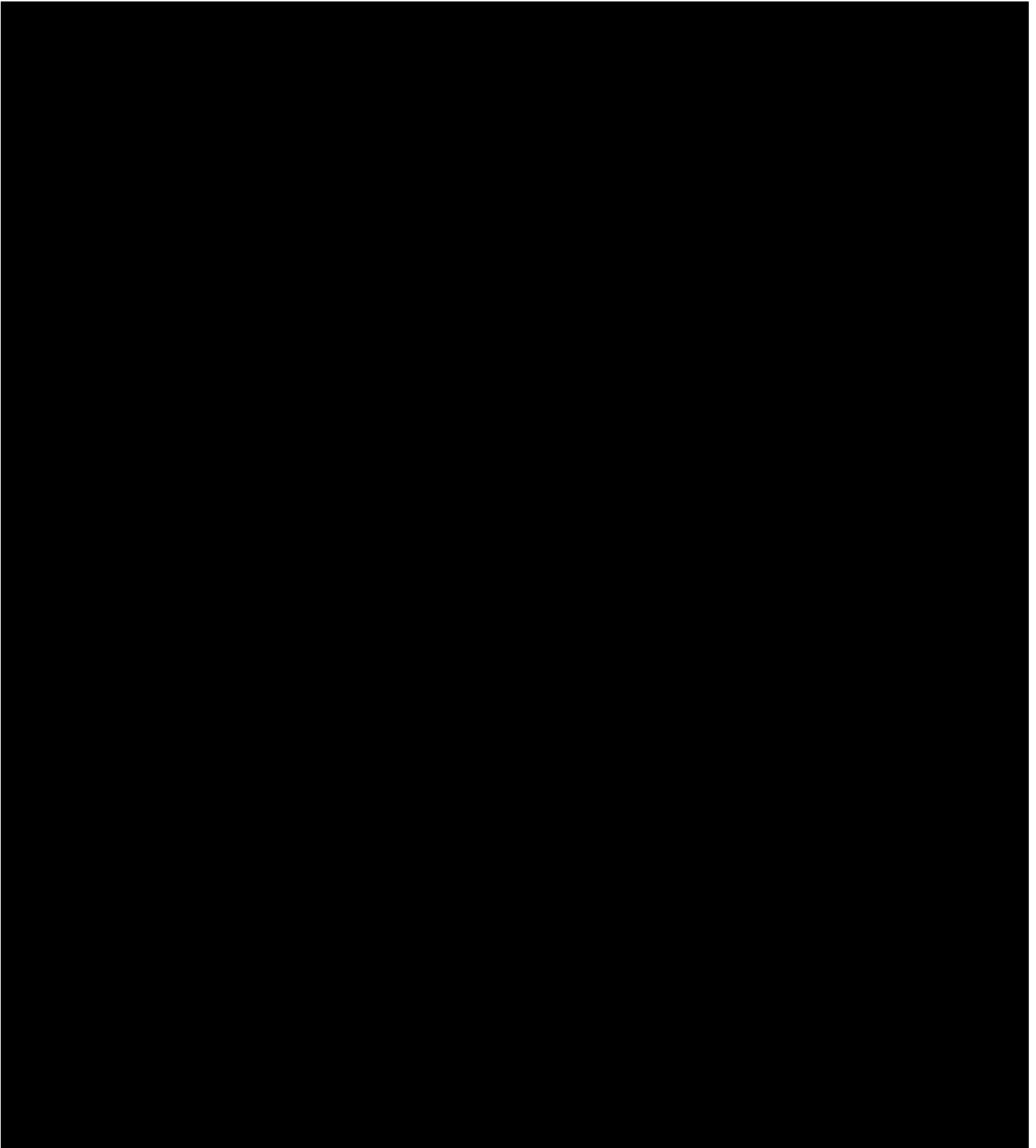
December 31,  
2024



September 30, 2025      December 31, 2024



September 30, December 31,  
2025 2024



**PRELIMINARY PUBLIC COPY**

**SOUTH JERSEY GAS COMPANY**  
**STATEMENT OF INCOME**  
(In Thousands)

**Exhibit P-5**

**Schedule JLH-2**

**Page 1 of 3**

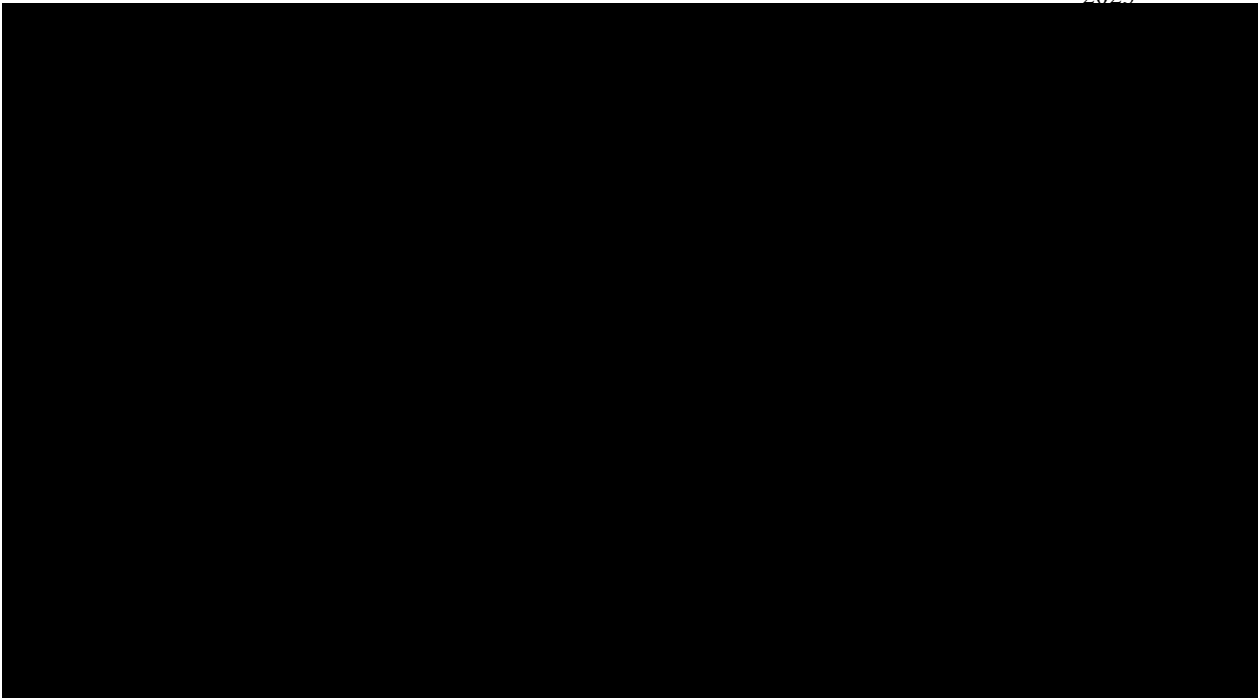
**6&6**

|                                                         | Year Ended<br>December 31, |
|---------------------------------------------------------|----------------------------|
|                                                         | <u>2022</u>                |
| <b>Operating Revenues</b>                               | <u>\$ 824,979</u>          |
| <b>Operating Expenses:</b>                              |                            |
| Cost of Sales (Excluding depreciation and amortization) | 370,373                    |
| Operations and Maintenance                              | 157,771                    |
| Depreciation                                            | 84,237                     |
| Impairment Charges                                      | 1,902                      |
| Energy and Other Taxes                                  | <u>6,478</u>               |
| Total Operating Expenses                                | <u>620,761</u>             |
| <b>Operating Income</b>                                 | 204,218                    |
| <b>Other Income and Expense</b>                         | 6,475                      |
| <b>Interest Charges</b>                                 | <u>(37,503)</u>            |
| <b>Income Before Income Taxes</b>                       | 173,190                    |
| <b>Income Taxes</b>                                     | <u>(44,206)</u>            |
| <b>Net Income</b>                                       | <u><u>\$ 128,984</u></u>   |

**SOUTH JERSEY GAS COMPANY**  
**STATEMENT OF INCOME**  
(In Thousands)

**Schedule JLH-2**  
**Page 2 of 3**  
**6&6**

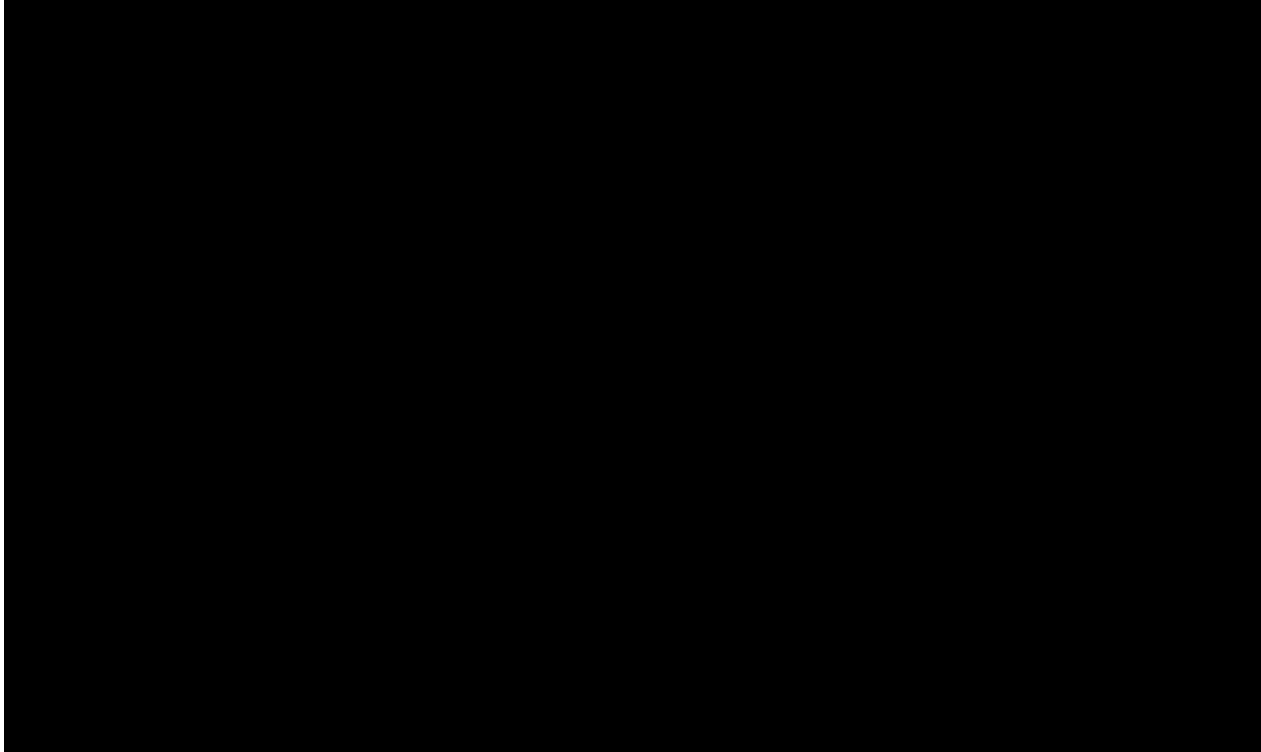
Year Ended  
December 31,  
2023



**SOUTH JERSEY GAS COMPANY**  
**STATEMENT OF INCOME**  
(In Thousands)

**Schedule JLH-2**  
**Page 3 of 3**  
**6&6**

Year Ended  
December 31  
2024



**SOUTH JERSEY GAS COMPANY**  
**STATEMENT OF GAS OPERATING REVENUES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024**

|                                     |                                                    | <u>Year To Date</u><br><u>2024</u> |
|-------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Gas Operating Revenues</b>       |                                                    |                                    |
| <u>Sales of Gas</u>                 |                                                    |                                    |
| 480                                 | Residential                                        | \$ 420,862,023                     |
| 481                                 | Commercial and Industrial                          | \$ 169,437,471                     |
| 482                                 | Other sales public authorities                     | \$ -                               |
| 483                                 | Sales for resale                                   | \$ -                               |
| 484                                 | Interdepartmental sales.                           | \$ (1,084,263)                     |
|                                     | Total Sales of Gas                                 | <u>589,215,230</u>                 |
| <u>Other Gas Revenues</u>           |                                                    |                                    |
| 487                                 | Forfeited Discounts                                | \$ 663,906                         |
| 488                                 | Miscellaneous Service Revenues                     | \$ 1,314,823                       |
| 489                                 | Revenues from Transportation of Gas - Natural Gas  | \$ 113,599,216                     |
| 489.1                               | Revenues from Transportation of Gas - Gathering    | \$ -                               |
| 489.2                               | Revenues from Transportation of Gas - Transmission | \$ -                               |
| 489.3                               | Revenues from Transportation of Gas - Distribution | \$ -                               |
| 489.4                               | Revenues from Storage of Gas                       | \$ -                               |
| 492                                 | Incidental Gasoline & Oil Sale                     | \$ -                               |
| 493                                 | Rent from Gas Property                             | \$ 6,912                           |
| 495                                 | Other Gas Revenues                                 | \$ 57,077                          |
| 496                                 | (Less) Provision for Rate Refund                   | \$ -                               |
|                                     | Total Other Gas Revenues                           | <u>115,641,934</u>                 |
| <b>Total Gas Operating Revenues</b> |                                                    | <u><u>\$ 704,857,164</u></u>       |

**SOUTH JERSEY GAS COMPANY**  
**PAYMENTS AND ACCRUALS TO AFFILIATED COMPANIES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024**

| <b>Line No.</b> | <b>Description of the Good or Service</b>        | <b>Name of Affiliated Company</b> | <b>Amount Charged or Credited</b> |
|-----------------|--------------------------------------------------|-----------------------------------|-----------------------------------|
|                 | (a)                                              | (b)                               | (c)                               |
| 1               | Goods or Services Provided by Affiliated Company |                                   |                                   |
| 2               |                                                  |                                   |                                   |
| 3               | Management Service Charge (Operating)            | SJI Utilities, Inc.               | \$9,453,320                       |
| 4               | Management Service Charge (Capital)              | SJI Utilities, Inc.               | 567,492                           |
| 5               | Direct Payroll Charge (Operating)                | SJI Utilities, Inc.               | 1,913,704                         |
| 6               | Direct Payroll Charge (Capital)                  | SJI Utilities, Inc.               | 3,136,846                         |
| 7               | Management Service Charge (Operating)            | South Jersey Industries, Inc.     | 26,664,215                        |
| 8               | Management Service Charge (Capital)              | South Jersey Industries, Inc.     | 4,643,945                         |
| 9               | Direct Payroll Charge (Operating)                | South Jersey Industries, Inc.     | 5,618,594                         |
| 10              | Direct Payroll Charge (Capital)                  | South Jersey Industries, Inc.     | 12,907,130                        |
| 11              | Gas Purchases                                    | South Jersey Resources Group      | 2,554,148                         |
| 12              | Meter Reading                                    | Millennium Account Services       | 4,740,802                         |
| 13              | Other                                            | SJIEEG                            | 53,996                            |
| 14              | Other                                            | ACI Energy Partners               | 677,896                           |
| 15              |                                                  |                                   |                                   |
| 16              | <b>TOTAL</b>                                     |                                   | <b><u>\$72,932,090</u></b>        |

Schedule JLH-5  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**DEPRECIATION EXPENSE AND ACCUMULATED DEPRECIATION**

| Line<br>No. |                                                                                  | Utility Plant<br>in Service    | Depreciation<br>Expense<br>(Proposed Rates) | Schedule<br>Reference |
|-------------|----------------------------------------------------------------------------------|--------------------------------|---------------------------------------------|-----------------------|
| 1           | <b><u>Depreciation Expense:</u></b>                                              |                                |                                             |                       |
| 2           |                                                                                  |                                |                                             |                       |
| 3           | Utility Plant In Service as of March 31, 2026                                    | \$ 4,362,454,321               | \$ 112,743,819                              |                       |
| 4           |                                                                                  |                                |                                             |                       |
| 5           | Test Year Depreciation Expense                                                   |                                | <u>\$ 111,090,039</u>                       | CLC-3                 |
| 6           |                                                                                  |                                |                                             |                       |
| 7           | Pro Forma Depreciation Expense Annualization Adjustment                          |                                | \$ 1,653,780                                |                       |
| 8           |                                                                                  |                                |                                             |                       |
| 9           | Post Test Year Depreciation Expense Annualization Adjustment                     | \$ 64,445,880                  | \$ 1,615,525                                |                       |
| 10          |                                                                                  |                                |                                             |                       |
| 11          | Adjustment due to Increase in Proposed Annual Net Negative Salvage Allowance     |                                | \$ (1,673,688)                              | JLH-6                 |
| 12          |                                                                                  |                                |                                             |                       |
| 13          | Adjustment due to Decrease in Non-Legal Asset Retirement Obligation (ARO) Credit |                                | \$ (280,032)                                | JLH-6                 |
| 14          |                                                                                  |                                |                                             |                       |
| 15          | <b>Total Pro Forma Adjustment to Depreciation Expense (Income Statement)</b>     | <b><u>\$ 4,426,900,201</u></b> | <b><u>\$ 1,315,586</u></b>                  |                       |
| 16          |                                                                                  |                                |                                             |                       |
| 17          |                                                                                  |                                |                                             |                       |
| 18          | <b><u>Accumulated Depreciation:</u></b>                                          |                                |                                             |                       |
| 19          |                                                                                  |                                |                                             |                       |
| 20          | Accumulated Depreciation as of March 31, 2026 (Rate Base)                        |                                | \$ (912,836,725)                            | CLC-2                 |
| 21          |                                                                                  |                                |                                             |                       |
| 22          | Post Test Year Depreciation on UPIS as of September 30, 2025 (Apr 26 - Sep 26)   |                                | \$ (56,371,910)                             | Line 3 / 2            |
| 23          |                                                                                  |                                |                                             |                       |
| 24          | Post Test Year Depreciation on PTY Plant (Apr 26 - Sep 26)                       |                                | \$ (807,763)                                | Line 9 / 2            |
| 25          |                                                                                  |                                |                                             |                       |
| 26          | Post Test Year Retirements (Apr 26 - Sep 26)                                     |                                | \$ 18,006,137                               | EP-1                  |
| 27          |                                                                                  |                                |                                             |                       |
| 28          | Post Test Year Net Salvage (Apr 26 - Sep 26)                                     |                                | \$ 3,642,540                                | JLH-6                 |
| 29          |                                                                                  |                                |                                             |                       |
| 30          | Post Test Year Net Salvage Allowance (Apr 26 - Sep 26)                           |                                | \$ (2,808,327)                              | JLH-6                 |
| 31          |                                                                                  |                                |                                             |                       |
| 32          | <b>Accumulated Depreciation as of September 30, 2026 (Rate Base)</b>             |                                | <b><u>\$ (951,176,047)</u></b>              |                       |

Schedule JLH- 6  
6&6SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME  
NON-LEGAL ASSET RETIREMENT OBLIGATION (ARO) AMORTIZATION

| Line No. |                                                                                                   | (a)<br>Start<br>Reserve         | (b)<br>COR<br>Amort. | (c)<br>Net<br>Salvage<br>Allowance | (d)<br>Net<br>Salvage<br>Incurred | (e)<br>End<br>Reserve |
|----------|---------------------------------------------------------------------------------------------------|---------------------------------|----------------------|------------------------------------|-----------------------------------|-----------------------|
| 1        | Sep to Dec 2019                                                                                   | \$ 17,400,721                   | \$ (243,202)         | \$ 1,553,252                       | \$ (2,377,636)                    | \$ 16,333,134         |
| 2        | 2020                                                                                              | \$ 16,333,134                   | \$ (662,008)         | \$ 5,176,263                       | \$ (8,181,233)                    | \$ 12,666,156         |
| 3        | 2021                                                                                              | \$ 12,666,156                   | \$ (459,217)         | \$ 6,725,785                       | \$ (6,776,448)                    | \$ 12,156,277         |
| 4        | 2022                                                                                              | \$ 12,156,277                   | \$ (459,217)         | \$ 6,725,785                       | \$ (5,199,521)                    | \$ 13,223,324         |
| 5        | 2023                                                                                              | \$ 13,223,324                   | \$ (459,633)         | \$ 7,290,342                       | \$ (2,784,720)                    | \$ 17,269,313         |
| 6        | 2024                                                                                              | \$ 17,269,313                   | \$ (459,633)         | \$ 7,290,342                       | \$ (5,330,172)                    | \$ 18,769,850         |
| 7        | Jan to Mar 2025                                                                                   | \$ 18,769,850                   | \$ (114,908)         | \$ 1,822,586                       | \$ (656,630)                      | \$ 19,820,898         |
| 8        | Apr to June 2025                                                                                  | \$ 19,820,898                   | \$ (114,908)         | \$ 1,822,586                       | \$ (4,200,091)                    | \$ 17,328,484         |
| 9        | July to Sept 2025                                                                                 | \$ 17,328,484                   | \$ (114,908)         | \$ 1,822,586                       | \$ (1,722,087)                    | \$ 17,314,074         |
| 10       | Oct to Dec 2025                                                                                   | \$ 17,314,074                   | \$ (114,908)         | \$ 1,822,586                       | \$ (1,334,638)                    | \$ 17,687,113         |
| 11       | Jan to Mar 2026                                                                                   | \$ 17,687,113                   | \$ (114,908)         | \$ 1,822,586                       | \$ (1,334,638)                    | \$ 18,060,152         |
| 12       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 13       |                                                                                                   | New Shortfall (net col's c & d) |                      | \$ 3,976,883                       |                                   |                       |
| 14       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 15       | Balance Available to be Returned to Customer as of March 31, 2026                                 |                                 |                      |                                    |                                   | \$ 18,060,152         |
| 16       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 17       | Number of Years Remaining from the Original 40-Year Amortization Period                           |                                 |                      |                                    |                                   | 24 5/12               |
| 18       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 19       | Projected Annual Amortization of Regulatory Liability                                             |                                 |                      |                                    |                                   | \$ 739,665            |
| 20       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 21       | Current Annual Amortization of Regulatory Liability included in Rates (BPU Docket No. GR22040253) |                                 |                      |                                    |                                   | \$ 459,633            |
| 22       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 23       | <b>Proposed Increase in Annual Amortization of Regulatory Liability</b>                           |                                 |                      |                                    |                                   | <b>\$ 280,032</b>     |
| 24       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 25       | Proposed Provision for Annual Net Negative Salvage (3-year average)                               |                                 |                      |                                    |                                   | \$ 5,616,655          |
| 26       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 27       | Current Provision for Annual Net Negative Salvage                                                 |                                 |                      |                                    |                                   | \$ 7,290,342          |
| 28       |                                                                                                   |                                 |                      |                                    |                                   |                       |
| 29       | <b>Proposed Change in Annual Net Negative Salvage</b>                                             |                                 |                      |                                    |                                   | <b>\$ (1,673,688)</b> |



Schedule JLH-7  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO RATE BASE**  
**DEFERRED FEDERAL INCOME TAX (DFIT)**

---

| <u>Line<br/>No.</u> |                                                          | <u>POST TEST YEAR<br/>ADDITIONS</u> | <u>ADDED TAX<br/>DEPRECIATION</u> | <u>DFIT IN<br/>RATE BASE</u>   |
|---------------------|----------------------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| 1                   | Projected DFIT Rate Base Balance 3/31/26                 |                                     |                                   | \$ (383,188,261)               |
| 2                   |                                                          |                                     |                                   |                                |
| 3                   | <u>Normalization on 3/31/26 Plant (PTY 4/26 - 9/26):</u> |                                     |                                   |                                |
| 4                   |                                                          |                                     |                                   |                                |
| 5                   | Book Depreciation                                        | \$ 60,301,927                       |                                   |                                |
| 6                   |                                                          |                                     |                                   |                                |
| 7                   | Tax Depreciation-Federal                                 | <u>\$ (81,796,019)</u>              |                                   |                                |
| 8                   |                                                          |                                     |                                   |                                |
| 9                   | Federal Tax Depreciation Over Book                       |                                     | <u>\$ (21,494,092)</u>            |                                |
| 10                  |                                                          |                                     |                                   |                                |
| 11                  | <u>Normalization on PTY Additions (PTY 4/26-9/26):</u>   |                                     |                                   |                                |
| 12                  |                                                          |                                     |                                   |                                |
| 13                  | Book Depreciation                                        | \$ 807,763                          |                                   |                                |
| 14                  |                                                          |                                     |                                   |                                |
| 15                  | Tax Depreciation-Federal                                 | <u>\$ (1,208,360)</u>               |                                   |                                |
| 16                  |                                                          |                                     |                                   |                                |
| 17                  | Federal Tax Depreciation Over Book                       |                                     | <u>\$ (400,598)</u>               |                                |
| 18                  |                                                          |                                     |                                   |                                |
| 19                  | Total Added Tax Depreciation                             |                                     | \$ (21,894,689)                   |                                |
| 20                  |                                                          |                                     |                                   |                                |
| 21                  | Deferred FIT (@ effective FIT rate of 21%)               |                                     |                                   | <u>\$ (4,597,885)</u>          |
| 22                  |                                                          |                                     |                                   |                                |
| 23                  | Federal benefit of state taxes - 21%                     |                                     |                                   | <u>\$ 413,810</u>              |
| 24                  |                                                          |                                     |                                   |                                |
| 25                  | NOL Carryforward                                         |                                     |                                   | <u>\$ -</u>                    |
| 26                  |                                                          |                                     |                                   |                                |
| 27                  | <b>Adjusted DFIT Rate Base Balance 9/30/26</b>           |                                     |                                   | <u><b>\$ (387,372,336)</b></u> |

Schedule JLH-8  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO RATE BASE**  
**DEFERRED NJ CORPORATE BUSINESS TAX (CBT)**

---

| <u>Line<br/>No.</u> |                                                          | <u>POST TEST YEAR<br/>ADDITIONS</u> | <u>ADDED TAX<br/>DEPRECIATION</u> | <u>DFIT IN<br/>RATE BASE</u>   |
|---------------------|----------------------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| 1                   | Projected DFIT Rate Base Balance 3/31/26                 |                                     |                                   | \$ (148,133,805)               |
| 2                   |                                                          |                                     |                                   |                                |
| 3                   | <u>Normalization on 3/31/26 Plant (PTY 4/26 - 9/26):</u> |                                     |                                   |                                |
| 4                   |                                                          |                                     |                                   |                                |
| 5                   | Book Depreciation                                        | \$ 60,301,927                       |                                   |                                |
| 6                   |                                                          |                                     |                                   |                                |
| 7                   | Tax Depreciation-Federal                                 | \$ (81,796,019)                     |                                   |                                |
| 8                   |                                                          |                                     |                                   |                                |
| 9                   | Federal Tax Depreciation Over Book                       |                                     | \$ (21,494,092)                   |                                |
| 10                  |                                                          |                                     |                                   |                                |
| 11                  | <u>Normalization on PTY Additions (PTY 4/26-9/26):</u>   |                                     |                                   |                                |
| 12                  |                                                          |                                     |                                   |                                |
| 13                  | Book Depreciation                                        | \$ 807,763                          |                                   |                                |
| 14                  |                                                          |                                     |                                   |                                |
| 15                  | Tax Depreciation-Federal                                 | \$ (1,208,360)                      |                                   |                                |
| 16                  |                                                          |                                     |                                   |                                |
| 17                  | Federal Tax Depreciation Over Book                       |                                     | \$ (400,598)                      |                                |
| 18                  |                                                          |                                     |                                   |                                |
| 19                  | Total Added Tax Depreciation                             |                                     | \$ (21,894,689)                   |                                |
| 20                  |                                                          |                                     |                                   |                                |
| 21                  | Pro Forma Adjustment - Deferred NJ CBT @ 9.00%           |                                     |                                   | \$ (1,970,522)                 |
| 22                  |                                                          |                                     |                                   |                                |
| 23                  | <b>Adjusted DCBT Rate Base Balance 9/30/26</b>           |                                     |                                   | <b><u>\$ (150,104,327)</u></b> |

Schedule JLH-9  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**INCOME TAXES - INTEREST SYNCHRONIZATION**

---

| <u>Line No.</u> |                                               |                        |                              |
|-----------------|-----------------------------------------------|------------------------|------------------------------|
| 1               | Adjusted Rate Base                            | \$ 2,913,070,490       |                              |
| 2               |                                               |                        |                              |
| 3               | Total Weighted Cost of Long Term Debt         | <u>2.26%</u>           |                              |
| 4               |                                               |                        |                              |
| 5               | Annualized Interest Expense                   | \$ 65,835,393          |                              |
| 6               |                                               |                        |                              |
| 7               | Less: Test Year Interest Expense              | <u>\$ (73,525,729)</u> |                              |
| 8               |                                               |                        |                              |
| 9               | Net Interest Expense                          |                        | <u>\$ (7,690,336)</u>        |
| 10              |                                               |                        |                              |
| 11              | Income Tax Rate                               |                        | <u>28.11%</u>                |
| 12              |                                               |                        |                              |
| 13              | (Increase)/Decrease to test year income taxes |                        | <u><u>\$ (2,161,753)</u></u> |

Schedule JLH-10  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31 2026 OPERATING INCOME**  
**REVENUE AND O&M EXPENSE - FOLSOM FACILITY**

---

| <b>Line<br/>No.</b> |                                              |    |                  |
|---------------------|----------------------------------------------|----|------------------|
| 1                   | Rental Income:                               |    |                  |
| 2                   |                                              |    |                  |
| 3                   | Annualized Rental Income                     | \$ | 1,806,547        |
| 4                   | Less: Test Year Rental Income                | \$ | 1,806,547        |
| 5                   |                                              |    |                  |
| 6                   | <b>Pro Forma Rental Income Adjustment</b>    |    | <b>\$ -</b>      |
| 7                   |                                              |    |                  |
| 8                   |                                              |    |                  |
| 9                   | Facility Expense:                            |    |                  |
| 10                  |                                              |    |                  |
| 11                  | Annualized Facility Expense                  | \$ | 1,159,000        |
| 12                  | Less: Test Year Facility Expense             | \$ | 1,061,632        |
| 13                  |                                              |    |                  |
| 14                  | <b>Pro Forma Facility Expense Adjustment</b> |    | <b>\$ 97,368</b> |

Schedule JLH-11  
6&6

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**PENSION AND RETIREMENT BENEFITS EXPENSE**

| Line No. |                                                              | Pension<br>Acct 182387 | SERP<br>Acct 182388 | FAS 106<br>Acct 182389 | Total                      |
|----------|--------------------------------------------------------------|------------------------|---------------------|------------------------|----------------------------|
| 1        |                                                              |                        |                     |                        |                            |
| 2        | Total Unamortized Deferred Balance as of September 30, 2025  | \$ (666,753)           | \$ 3,047,579        | \$ (4,023,593)         | \$ (1,642,767)             |
| 3        |                                                              |                        |                     |                        |                            |
| 4        |                                                              |                        |                     |                        |                            |
| 5        | Projected Monthly Deferred Expenses (Oct '25 - Mar '26)      |                        |                     |                        |                            |
| 6        | Oct-25                                                       | \$ 22,197              | \$ 79,338           | \$ (105,106)           | \$ (3,571)                 |
| 7        | Nov-25                                                       | \$ 22,197              | \$ 79,338           | \$ (105,106)           | \$ (3,571)                 |
| 8        | Dec-25                                                       | \$ 22,197              | \$ 79,338           | \$ (105,106)           | \$ (3,571)                 |
| 9        | Jan-26                                                       | \$ 22,197              | \$ 79,338           | \$ (105,106)           | \$ (3,571)                 |
| 10       | Feb-26                                                       | \$ 22,197              | \$ 79,338           | \$ (105,106)           | \$ (3,571)                 |
| 11       | Mar-26                                                       | \$ 22,197              | \$ 79,338           | \$ (105,106)           | \$ (3,571)                 |
| 12       |                                                              | \$ 133,182             | \$ 476,028          | \$ (630,636)           | \$ (21,426)                |
| 13       |                                                              |                        |                     |                        |                            |
| 14       | Projected Unamortized Deferred Balance as of March 2026      | <u>\$ (533,571)</u>    | <u>\$ 3,523,607</u> | <u>\$ (4,654,229)</u>  | <u>\$ (1,664,193)</u>      |
| 15       |                                                              |                        |                     |                        |                            |
| 16       |                                                              |                        |                     |                        |                            |
| 17       | Total Projected Deferred Balance at Test Year End March 2026 |                        |                     |                        | \$ (1,664,193)             |
| 18       | Amortization Period (Years)                                  |                        |                     |                        | 3                          |
| 19       | <b>Pro Forma Annual Amortization Adjustment</b>              |                        |                     |                        | <u><b>\$ (554,731)</b></u> |
| 20       |                                                              |                        |                     |                        |                            |
| 21       |                                                              |                        |                     |                        |                            |
| 22       | Annualized Pension Income                                    |                        |                     |                        | \$ 42,852                  |
| 23       | Test Year Pension Income                                     |                        |                     |                        | \$ 66,105                  |
| 24       | <b>Pro Forma Annual Pension Adjustment - Expense</b>         |                        |                     |                        | <u><b>\$ 23,253</b></u>    |

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**ANN E. BULKLEY**

**The Brattle Group**

**On Behalf of  
South Jersey Gas Company**

**Exhibit P-6**

**November 25, 2025**

## TABLE OF CONTENTS

|              |                                                 |           |
|--------------|-------------------------------------------------|-----------|
| <b>I.</b>    | <b>INTRODUCTION .....</b>                       | <b>1</b>  |
| <b>II.</b>   | <b>SUMMARY OF ANALYSES AND CONCLUSIONS.....</b> | <b>3</b>  |
| <b>III.</b>  | <b>REGULATORY GUIDELINES .....</b>              | <b>6</b>  |
| <b>IV.</b>   | <b>CAPITAL MARKET CONDITIONS .....</b>          | <b>10</b> |
| <b>V.</b>    | <b>PROXY GROUP SELECTION .....</b>              | <b>19</b> |
| <b>VI.</b>   | <b>COST OF EQUITY ESTIMATION.....</b>           | <b>21</b> |
|              | <b>A. Constant Growth DCF Model.....</b>        | <b>23</b> |
|              | <b>B. CAPM Analysis.....</b>                    | <b>27</b> |
|              | <b>C. BYRP Analysis.....</b>                    | <b>32</b> |
| <b>VII.</b>  | <b>BUSINESS AND REGULATORY RISKS .....</b>      | <b>35</b> |
|              | <b>A. Small Size Risk.....</b>                  | <b>35</b> |
|              | <b>B. Capital Expenditures .....</b>            | <b>41</b> |
|              | <b>C. Regulatory Risk .....</b>                 | <b>44</b> |
|              | <b>D. Earned ROE.....</b>                       | <b>50</b> |
|              | <b>E. Conclusion.....</b>                       | <b>53</b> |
| <b>VIII.</b> | <b>CAPITAL STRUCTURE .....</b>                  | <b>54</b> |
| <b>IX.</b>   | <b>COST OF LONG-TERM DEBT .....</b>             | <b>58</b> |
| <b>X.</b>    | <b>CONCLUSIONS AND RECOMMENDATION .....</b>     | <b>59</b> |

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
ANN E. BULKLEY**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A.** My name is Ann E. Bulkley. I am a Principal at The Brattle Group (“Brattle”). My business address is One Beacon Street, Suite 2600, Boston, Massachusetts 02108.

**Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

**A.** I am submitting this direct testimony before the New Jersey Board of Public Utilities (“Board” or “BPU”) on behalf of South Jersey Gas Company (“South Jersey Gas” or the “Company”), a wholly-owned subsidiary of SJI Utilities, Inc (“SJIU”), which is in turn a wholly-owned subsidiary of South Jersey Industries, Inc. (“SJI”). In February 2023, SJI was acquired by IIF US Holding 2, LP (“IIF”), a private equity fund.<sup>1</sup>

**Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

**A.** I hold a Bachelor’s degree in Economics and Finance from Simmons College and a Master’s degree in Economics from Boston University, with more than 30 years of experience consulting to the energy industry. I have advised numerous energy and utility clients on a wide range of financial and economic issues with primary concentrations in valuation and utility rate matters. Many of these assignments have included the determination of the cost of capital for valuation and ratemaking purposes. My resume and

---

<sup>1</sup> The acquisition of SJI by IIF (the “Merger”) was approved in the Board’s January 25, 2023 Order in BPU Docket No. GM22040270 (“2023 Merger Order”). Upon such acquisition, SJI became a privately-held company.



1 a listing of the testimony that I have filed in other proceedings are included as Schedule  
2 AEB-1.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

4 **A.** The purpose of my direct testimony is to present evidence and provide an opinion regarding  
5 the Company's return on equity ("ROE") and capital structure to be used for ratemaking  
6 purposes in this proceeding.

7 **Q. ARE YOU SPONSORING ANY SCHEDULES IN SUPPORT OF YOUR DIRECT**  
8 **TESTIMONY?**

9 **A.** Yes. My analysis and recommendations are supported by the data presented in Exhibit P-  
10 6, Schedules AEB-2 through AEB-15, which were prepared by me or under my direction.

11 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE ANALYSES THAT LED TO**  
12 **YOUR RECOMMENDATION REGARDING THE COMPANY'S ROE.**

13 **A.** In developing my opinion, I have estimated the cost of equity by applying traditional  
14 estimation methodologies to a proxy group of comparable utilities, which include the  
15 constant growth form of the Discounted Cash Flow ("DCF") model, the Capital Asset  
16 Pricing Model ("CAPM"), the Empirical Capital Asset Pricing Model ("ECAPM"), and a  
17 Bond Yield Risk Premium ("BYRP" or "Risk Premium") analysis. I also consider the  
18 Company's relative business and regulatory risk as compared with the proxy group, and  
19 the Company's proposed capital structure as compared with the capital structures of the  
20 operating utilities of the proxy group companies. While I do not make specific adjustments  
21 to the cost of equity for these factors in developing my opinion regarding the  
22 reasonableness of the Company's ROE, I do consider them in the aggregate.

**Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?**

**A.** The remainder of my testimony is organized as follows:

- Section II provides a summary of my analyses and conclusions.
- Section III reviews the regulatory guidelines pertinent to the development of the cost of capital.
- Section IV discusses current and projected capital market conditions and the effect of those conditions on the cost of equity.
- Section V explains my selection of the proxy group.
- Section VI describes my cost of equity estimates and the analytical basis for my opinion of the appropriate ROE for South Jersey Gas.
- Section VII provides a discussion of specific regulatory, business, and financial risks that have a direct bearing on the ROE to be authorized for the Company in this case.
- Section VIII provides an assessment of the reasonableness of the Company's proposed capital structure relative to the proxy group.
- Section IX presents my conclusions and recommendations.

**II. SUMMARY OF ANALYSES AND CONCLUSIONS**

**Q. PLEASE SUMMARIZE THE KEY FACTORS CONSIDERED IN YOUR ANALYSES AND UPON WHICH YOU BASE YOUR ROE RECOMMENDATION.**

**A.** My analyses and conclusions consider the following:

- The United States Supreme Court's *Hope* and *Bluefield* decisions,<sup>2</sup> which established the standards for determining a fair and reasonable authorized ROE for public utilities, including consistency of the allowed return with the returns of other businesses having similar risk, adequacy of the return to provide access to capital and support credit quality, and the requirement that the result lead to just and reasonable rates.
- The effect of current and projected capital market conditions on cost of equity estimation models and on investors' return requirements.

---

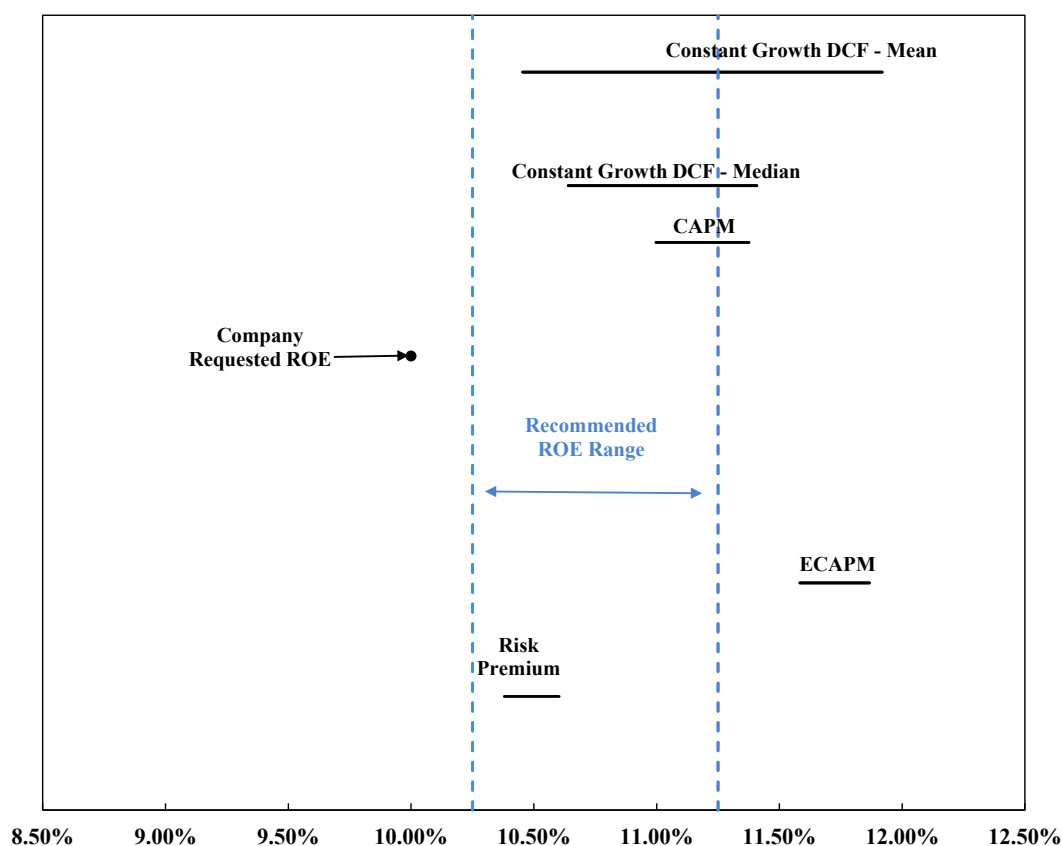
<sup>2</sup> *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) ("*Hope*"); *Bluefield Waterworks & Improvement Co., v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923) ("*Bluefield*").

- The results of several analytical approaches that provide estimates of the Company's cost of equity. Because the Company's authorized ROE should be a forward-looking estimate over the period during which the rates will be in effect, these analyses rely on forward-looking inputs and assumptions (*e.g.*, projected analyst growth rates in the DCF model, forecasted risk-free rate and market risk premium in the CAPM analysis.)
- Although the companies in my proxy group are generally comparable to South Jersey Gas, each company is unique, and no two companies have the exact same business and financial risk profiles. Accordingly, I consider the Company's regulatory, business, and financial risks relative to the proxy group of comparable companies in assessing where within the range of analytical results the Company's ROE should reasonably fall to appropriately account for any residual differences in risk.

**Q. WHAT ARE THE RESULTS OF THE MODELS THAT YOU HAVE USED TO ESTIMATE THE COST OF EQUITY FOR SOUTH JERSEY GAS COMPANY?**

**A.** Figure 1 summarizes the range of results produced by my cost of equity analyses.

**Figure 1: Summary of Cost of Equity Model Results**



As shown in Figure 1 (and in Exhibit P-6, Schedule AEB-2), the range of results produced by the cost of equity estimation models is wide. While it is common to consider multiple models to estimate the cost of equity, it is particularly important when the range of results varies considerably across methodologies.

**Q. WHAT IS YOUR RECOMMENDATION REGARDING THE COMPANY'S ROE IN THIS PROCEEDING?**

**A.** Based on the analytical results of the cost of equity models, and current and prospective capital market conditions, I conclude that an ROE in the range of 10.25 percent to 11.25 percent is reasonable. The Company is requesting an ROE of 10.00 percent, which is conservative.

**Q. WHAT IS YOUR CONCLUSION REGARDING THE COMPANY'S PROPOSED CAPITAL STRUCTURE TO BE USED FOR RATEMAKING PURPOSES?**

**A.** The Company's proposed capital structure for ratemaking purposes consisting of 57.0 percent common equity and 43.0 percent long-term debt is reasonable given that it is consistent with the actual capital structures of the operating utilities of the proxy group companies, and while the Company has relatively greater business and regulatory risk than the proxy group, my recommended ROE is the average of the range. Further, the effect of current and projected market conditions on the cash flows of utilities as raised by the credit rating agencies, also supports the reasonableness of the Company's proposed ratemaking capital structure.

1    **III.    REGULATORY GUIDELINES**

2    **Q.    PLEASE DESCRIBE THE PRINCIPLES THAT GUIDE THE ESTABLISHMENT**  
 3    **OF THE COST OF CAPITAL FOR A REGULATED UTILITY.**

4    **A.**    The United States Supreme Court’s precedent-setting *Hope* and *Bluefield* cases established  
 5    the standards for determining the fairness or reasonableness of a utility’s allowed ROE.  
 6    Among the standards established by the Court in those cases are: (1) consistency with other  
 7    businesses having similar or comparable risks; (2) adequacy of the return to support credit  
 8    quality and access to capital; and (3) the principle that the result reached, as opposed to the  
 9    methodology employed, is the controlling factor in arriving at just and reasonable rates.<sup>3</sup>

10   **Q.    HAS THE BOARD PROVIDED SIMILAR GUIDANCE IN ESTABLISHING THE**  
 11   **APPROPRIATE ROE?**

12   **A.**    Yes.    The New Jersey Revised Statutes define a “Base rate case” as a means of  
 13   “determining the level of revenues necessary to afford the public utility an opportunity to  
 14   earn a fair and reasonable rate of return on prudently incurred capital investment in the  
 15   public utility's rate base.”<sup>4</sup> In its decision in Docket No. ER12111052 for Jersey Central  
 16   Power and Light Company (“JCP&L”), the Board noted the following:

17            Nevertheless, it is incumbent upon this Board to define a fair rate of return  
 18            for JCP&L commensurate with risks faced by similar companies, sufficient  
 19            to attract capital and maintain the financial integrity of the enterprise. As  
 20            the New Jersey Supreme Court has recognized, a privately owned public  
 21            utility is a complex mechanism that exists to serve a public need but to do  
 22            so it must have investor appeal. It must be allowed a reasonable return on  
 23            its investment so that it may have borrowing power at normal business rates

---

<sup>3</sup> *Hope*, 320 U.S. 591 (1944); *Bluefield*, 262 U.S. 679 (1923).

<sup>4</sup> N.J.S.A. § 48:2-21.25.

1 to finance its day-to-day operations. See, *Daaleman v. Elizabethtown Gas*  
 2 Co., 77 N.J. 267, 272 (1978).<sup>5</sup>

3 This New Jersey precedent is in accordance with the *Hope* and *Bluefield* decisions  
 4 and the principles that I employed to estimate the ROE for the Company, including the  
 5 principle that an allowed rate of return must be sufficient to enable regulated companies  
 6 such as South Jersey Gas to attract capital on reasonable terms.

7 **Q. IS ESTABLISHING A FAIR RATE OF RETURN JUST ABOUT PROTECTING**  
 8 **THE UTILITY’S INTERESTS?**

9 **A.** No. As the Court noted in *Bluefield*, a proper rate of return not only assures “confidence  
 10 in the financial soundness of the utility and should be adequate, under efficient and  
 11 economical management, to maintain and support its credit [but also] enable[s the utility]  
 12 to raise the money necessary for the proper discharge of its public duties.”<sup>6</sup> As the Court  
 13 went on to explain in *Hope*, “[t]he rate-making process ... involves balancing of the  
 14 investor and consumer interests.”<sup>7</sup>

15 **Q. WHY IS IT IMPORTANT FOR A UTILITY TO BE ALLOWED THE**  
 16 **OPPORTUNITY TO EARN AN ROE THAT IS ADEQUATE TO ATTRACT**  
 17 **CAPITAL AT REASONABLE TERMS?**

18 **A.** An authorized ROE that is adequate to attract capital at reasonable terms enables the utility  
 19 to continue to provide safe, reliable natural gas service while maintaining its financial  
 20 integrity. That return should be commensurate with returns required by investors

---

<sup>5</sup> New Jersey Board of Public Utilities, Docket No. ER12111052, OAL Docket No. PUC16310-12, Order Adopting Initial Decision with Modifications and Clarifications, March 18, 2015, at 71.

<sup>6</sup> *Bluefield*, 262 U.S. 679, 693.

<sup>7</sup> *Hope*, 320 U.S. 591, 603.

1 elsewhere in the market for investments of comparable risk. It is important to recognize  
2 that equity investors have a choice of where to invest capital. If the authorized ROE is not  
3 comparable to the returns available for comparable risk investments, not only is the value  
4 to current equity holders harmed, but access to incremental equity is also affected. It is  
5 reasonable to expect that equity investors will seek alternative investment opportunities for  
6 which the expected return reflects the perceived risks, thereby inhibiting the Company's  
7 ability to attract necessary new equity capital at reasonable cost.

8 **Q. IS A UTILITY'S ABILITY TO ATTRACT CAPITAL ALSO AFFECTED BY THE**  
9 **ROEs AUTHORIZED FOR OTHER UTILITIES?**

10 **A.** Yes. Utilities compete directly for capital with other investments of similar risk, which  
11 include other electric, natural gas, and water utilities. Therefore, the ROE authorized for a  
12 utility sends an important signal to investors regarding whether there is regulatory support  
13 for financial integrity, dividends, growth, and fair compensation for business and financial  
14 risk. The cost of capital represents an opportunity cost to investors. If higher returns are  
15 available elsewhere for other investments of comparable risk over the same time-period,  
16 investors have an incentive to direct their capital to those alternative investments. Thus,  
17 an authorized ROE significantly below authorized ROEs for other electric, natural gas, and  
18 water utilities can inhibit the utility's ability to attract capital for investment.

19 **Q. WHAT IS THE STANDARD FOR SETTING THE ROE IN ANY JURISDICTION?**

20 **A.** The stand-alone ratemaking principle is the foundation of jurisdictional ratemaking. This  
21 principle requires that the rates that are charged in any operating jurisdiction be for the  
22 costs incurred in that jurisdiction. The stand-alone ratemaking principle ensures that  
23 customers in each jurisdiction only pay for the costs of the service provided in that

1 jurisdiction, which is not influenced by the business operations in other operating  
2 companies. In order to maintain this principle, the cost of equity analysis is performed for  
3 an individual operating company as a stand-alone entity. As such, I have evaluated the  
4 investor-required return for the Company's natural gas operations in New Jersey.

5 **Q. ARE THE REGULATORY FRAMEWORK, AUTHORIZED ROE, AND EQUITY**  
6 **RATIO IMPORTANT TO THE FINANCIAL COMMUNITY?**

7 **A.** Yes. The regulatory framework is one of the most important factors in debt and equity  
8 investors' assessments of risk. Specifically, the authorized ROE and equity ratio for  
9 regulated utilities is very important for determining the degree of regulatory support for  
10 supporting a utility's creditworthiness and financial stability in the jurisdiction. To the  
11 extent that authorized returns in a jurisdiction are lower than the returns that have been  
12 authorized more broadly, such actions are considered by both debt and equity investors in  
13 the overall risk assessment of the regulatory jurisdiction in which the company operates.

14 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING REGULATORY**  
15 **GUIDELINES?**

16 **A.** The ratemaking process is premised on the principle that, in order for investors and  
17 companies to commit the capital needed to provide safe and reliable utility services, a  
18 utility must have a reasonable opportunity to recover the return of, and the market-required  
19 return on, its invested capital. Accordingly, the Board's order in this proceeding should  
20 establish rates that provide the Company with a reasonable opportunity to earn an ROE  
21 that is: (1) adequate to attract capital at reasonable terms; (2) sufficient to ensure its  
22 financial integrity; and (3) commensurate with returns on investments in enterprises with  
23 similar risk. It is important for the ROE authorized in this proceeding to take into



1 consideration current and projected capital market conditions, as well as investors'  
2 expectations and requirements for both risks and returns. Because utility operations are  
3 capital-intensive, regulatory decisions should enable the utility to attract capital at  
4 reasonable terms under a variety of economic and financial market conditions. Providing  
5 the opportunity to earn a market-based cost of capital supports the financial integrity of the  
6 Company, which is in the interest of both customers and shareholders.

7  
8 **IV. CAPITAL MARKET CONDITIONS**

9 **Q. WHY IS IT IMPORTANT TO ANALYZE CAPITAL MARKET CONDITIONS?**

10 **A.** The models used to estimate the cost of equity rely on market data and thus the results of  
11 those models can be affected by prevailing market conditions at the time the analysis is  
12 performed. While the ROE established in a rate proceeding is intended to be forward-  
13 looking, the analyst uses current and projected market data, including stock prices,  
14 dividends, growth rates, and interest rates, in the cost of equity estimation models to  
15 estimate the investor-required return for the subject company.

16 Analysts and regulatory commissions recognize that current market conditions  
17 affect the results of the cost of equity estimation models. As a result, it is important to  
18 consider the effect of the market conditions on these models when determining an  
19 appropriate range for the ROE, and the reasonableness of an ROE to be used for ratemaking  
20 purposes for a future period. If investors do not expect current market conditions to be  
21 sustained in the future, it is possible that the cost of equity estimation models will not  
22 provide an accurate estimate of investors' required return during that rate period.

1 Therefore, it is important to consider projected market data to estimate the return for that  
2 forward-looking period.

3 **Q. WHAT HAS THE LEVEL OF INFLATION BEEN OVER THE PAST FEW**  
4 **YEARS?**

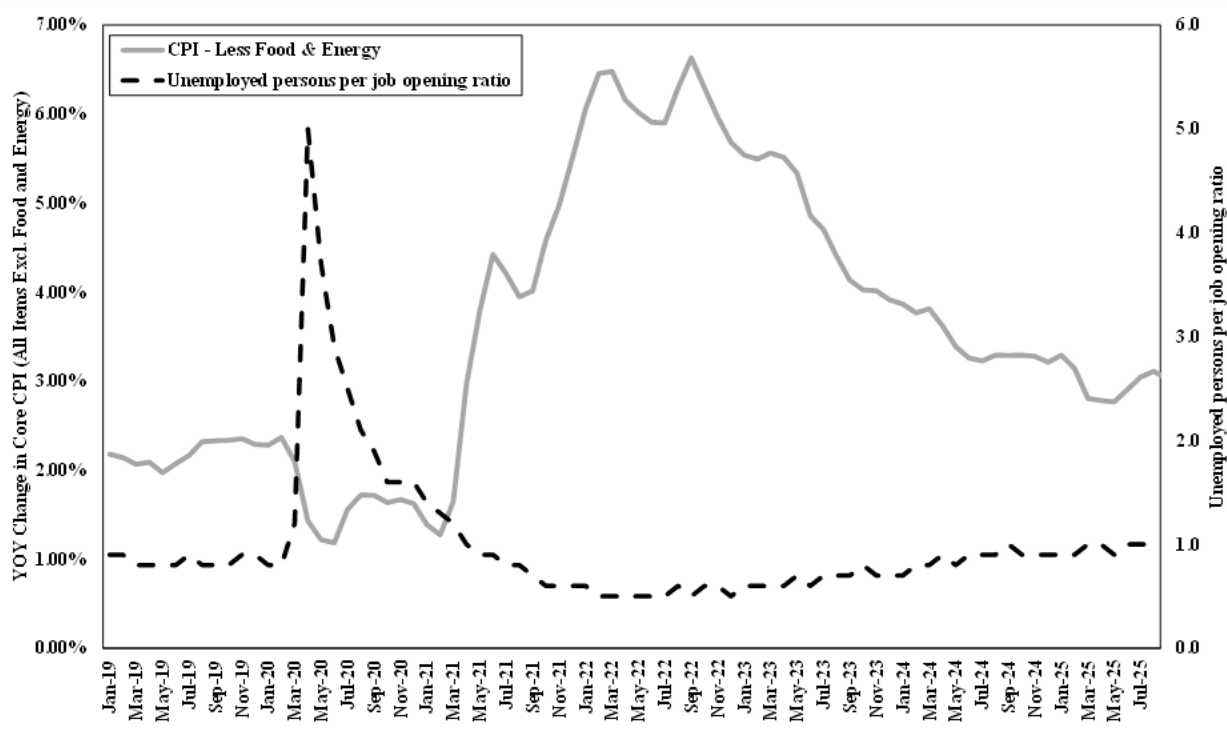
5 **A.** As shown in Figure 2, core inflation increased steadily beginning in early 2021, rising from  
6 1.41 percent in January 2021 to a high of 6.64 percent in September 2022, which was the  
7 largest 12-month increase since 1982.<sup>8</sup> While core inflation has declined in response to  
8 the Federal Reserve's monetary policy, it continues to remain significantly above the  
9 Federal Reserve's target level of 2.00 percent.

10 Because the Federal Reserve's dual mandate is to promote stable prices and  
11 employment, considering employment data, in addition to inflation, is important. The ratio  
12 of unemployed persons per job opening was 1.0 in August 2025 (the most recent data  
13 available at the time of this testimony) and has been in that range since April 2021,  
14 suggesting a tighter labor market. This indicates sustained strength in the labor market,  
15 allowing the Federal Reserve to prioritize reducing inflation by pursuing the necessary  
16 restrictive monetary policy needed to achieve its 2.00 percent target benchmark.

---

<sup>8</sup> Reade Pickert, Core US inflation rises to 40-year high, securing big Fed hike, *Bloomberg*, (October 13, 2022).

**Figure 2: Core Inflation and Unemployed Persons-to-Job Openings,  
January 2019 to September 2025<sup>9</sup>**



**Q. WHAT POLICY ACTIONS HAS THE FEDERAL RESERVE ENACTED TO RESPOND TO INCREASED INFLATION?**

**A.** The dramatic increase in inflation prompted the Federal Reserve to pursue an aggressive normalization of monetary policy, removing the accommodative policy programs used to mitigate the economic effects of COVID-19. Between the March 2022 Federal Open Market Committee (“FOMC”) meeting and the July 2023 FOMC meeting, the Federal

<sup>9</sup> Figure 1 Figure 2 presents the year-over-year change in core inflation, as measured by the Consumer Price Index (“CPI”) excluding food and energy prices as published by the Bureau of Labor Statistics. I considered core inflation because it is the preferred inflation indicator of the Federal Reserve for determining the direction of monetary policy. Core inflation is preferred by the Federal Reserve because it removes the effect of food and energy prices, which can be highly volatile.

1 Reserve increased the target federal funds rate through a series of increases from a range  
2 of 0.00 – 0.25 percent to a range of 5.25 percent to 5.50 percent.

3 **Q. HOW HAVE YIELDS ON LONG-TERM GOVERNMENT BONDS RESPOND TO**  
4 **THE FEDERAL RESERVE’S NORMALIZATION OF MONETARY POLICY?**

5 **A.** Since the Federal Reserve’s December 2021 meeting, the yield on 10-year Treasury bonds  
6 increased by over 350 basis points, increasing from 1.47 percent on December 15, 2021 to  
7 a peak of 4.98 percent in October 2023. It currently remains well above 2021 levels (i.e.,  
8 4.16 percent as of September 30, 2025).<sup>10</sup>

9 **Q. HAS THE FEDERAL RESERVE RECENTLY REDUCED THE FEDERAL FUNDS**  
10 **RATES?**

11 **A.** Yes. The Federal Reserve recently reduced the federal funds rate by 50 basis points in  
12 September 2024, 25 basis points in November 2024, and 25 basis points in December 2024,  
13 and more recently 25 basis points in September 2025 and October 2025. At the September  
14 2025 meeting, the Federal Reserve noted that it was continuing to assess the risks to both  
15 inflation and employment, but that the “downside risks to employment have risen” and, as  
16 a result, concluded that it was the appropriate time for a rate decrease after having kept  
17 rates unchanged in 2025.<sup>11</sup> As a result, the FOMC reduced the federal rate by 25 basis  
18 points to a range of 4.00 percent to 4.25 percent.<sup>12</sup> Regarding the possible path of  
19 monetary policy, Chairman Powell acknowledged increased uncertainty due to the  
20 implementation of government policy changes by the Trump administration, in particular,

---

<sup>10</sup> S&P Capital IQ Pro.

<sup>11</sup> Federal Reserve, Press Release, September 17, 2025.

<sup>12</sup> *Id.*

1 the changes in tariffs.<sup>13</sup> According to Chairman Powell, there is still uncertainty regarding  
 2 whether the effect of tariffs on inflation will be “short-lived” or “more persistent.”<sup>14</sup> Given  
 3 the risks to both inflation and employment, Chairman Powell stated the stance of monetary  
 4 policy will continue to be based on incoming data and the “balance of risks” and the Federal  
 5 Reserve remains well positioned to respond to economic developments.<sup>15</sup> The FOMC is  
 6 currently forecasting two additional rate cuts before the end of 2025 and one rate cut in  
 7 2026.<sup>16</sup> At the October meeting, Chair Powell indicated that a “further reduction in the  
 8 policy rate at the December meeting is not a foregone conclusion. Far from it... Policy is  
 9 not on a preset course”.<sup>17</sup>

10 **Q. WHAT HAS HAPPENED TO THE YIELDS ON LONG-TERM GOVERNMENT**  
 11 **BONDS SINCE THE FOMC REDUCED THE FEDERAL FUNDS RATE IN**  
 12 **SEPTEMBER 2024?**

13 **A.** As shown in while the yield on the 10-year treasury bond declined prior to the time of the  
 14 first federal funds rate cut, the yield has increased since the September 2024 FOMC  
 15 meeting. As of September 30, 2025, the 10-year Treasury bond yield was 4.16 percent,  
 16 which is consistent with levels seen in July 2024, several months prior to the reductions in  
 17 the federal funds rate.

18 **A.** Figure 3, while the yield on the 10-year treasury bond declined prior to the time of the first  
 19 federal funds rate cut, the yield has increased since the September 2024 FOMC meeting.

---

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

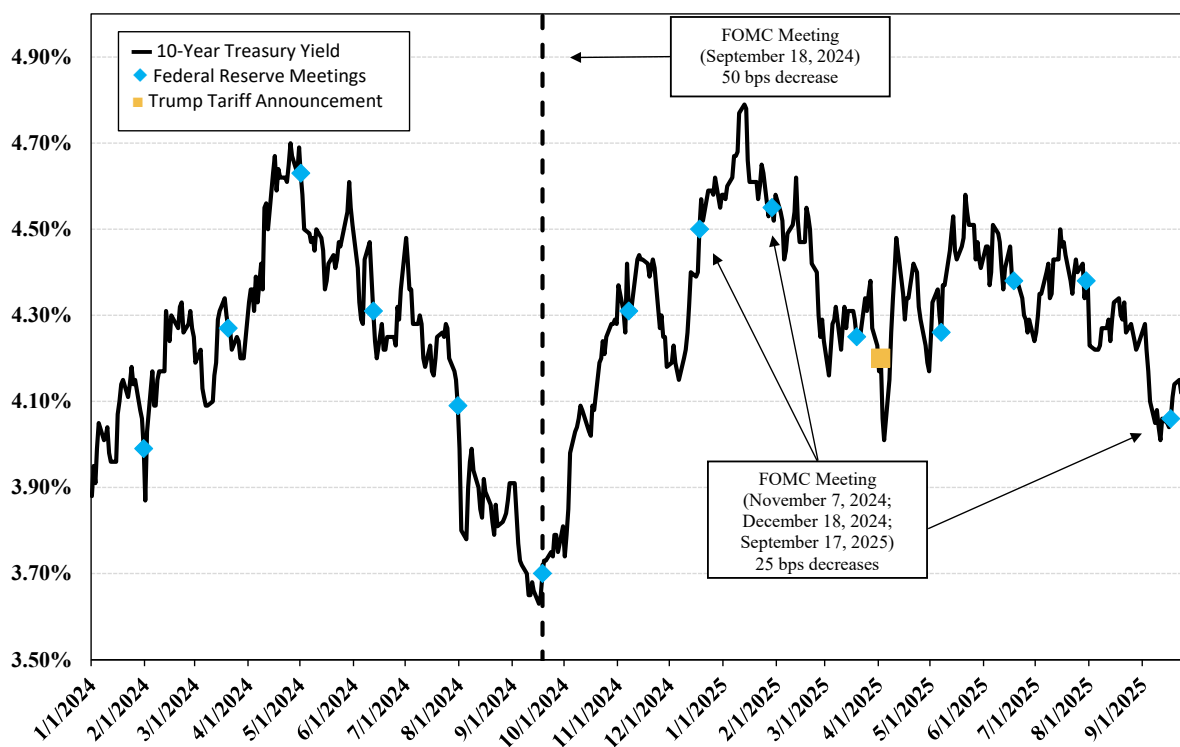
<sup>15</sup> *Id.*

<sup>16</sup> Transcript of Chair Powell’s Press Conference, September 17, 2025.

<sup>17</sup> CNN, Towfighi, John, Treasury yields rise as Powell tempers hopes for further rate cuts. October 29, 2025.

As of September 30, 2025, the 10-year Treasury bond yield was 4.16 percent, which is consistent with levels seen in July 2024, several months prior to the reductions in the federal funds rate.

**Figure 3: 10-Year Treasury Bond Yield – January 2024 through September 30, 2025<sup>18</sup>**



**Q. WHY HAVE LONG-TERM INTEREST RATES INCREASED SINCE THE FEDERAL RESERVE REDUCED THE FEDERAL FUNDS RATE IN SEPTEMBER 2024?**

**A.** Investors view key elements of the current economic plan, such as tax cuts, immigration policy, and tariffs, as inflationary.<sup>19</sup> For example, since his inauguration in January 2025,

<sup>18</sup> S&P Capital IQ Pro.

<sup>19</sup> The increase in long-term government bond yields was initially related to investors responding to an increasing probability of a Trump Administration in 2025 and has continued since President Trump's re-election and inauguration. (Davide Barbuscia and Lewis Krauskopf, "Bond rebound uncertain as Trump plans overshadow Fed rate cuts," Reuters, November 8, 2024.)

1 President Trump announced several sets of sets of tariffs on each of the U.S.'s trading  
2 partners including, by not limited to, his announcement on April 2, 2025 implementing a  
3 "baseline line" tariff of 10 percent on all imports, reciprocal tariffs on countries that failed  
4 to negotiate a trade deal that went into effect on August 7, 2025, as well as the 50 percent  
5 tariffs on steel, aluminum, and copper and 25 percent tariffs on imported cars.<sup>20</sup> The  
6 implemented tariffs are largely viewed as inflationary. Inflation affects bonds, in particular  
7 long-term government bonds, because it erodes the value of future bonds payments.  
8 Therefore, in an inflationary environment, investors will demand higher returns on bonds  
9 to compensate for the added risk of inflation thus bond prices decline and the yields on  
10 bonds increase. The longer the duration of the bond, the greater the effect of inflation,  
11 which is why inflation risk is greater for long-term government bonds. The current tariff  
12 policy increases the risk that inflation will remain elevated, which is why the yields on  
13 long-term bonds have not decreased but rather have increased since the Federal Reserve  
14 first reduced the federal funds rate in September 2024. Further, the use of tariffs strains  
15 the relationship with trading partners, which could result in a reduction in the foreign  
16 demand for long-term U.S. government bonds, resulting in additional upward pressure on  
17 long-term government bond yields.<sup>21</sup>

---

<sup>20</sup> Jennifer Clarke, "What Are Tariffs, How Do They Work and Why Is Trump Using Them?" *BBC News*, August 27, 2025.

<sup>21</sup> Karishma Vanjani, "U.S. Treasury Bonds Sell Off as 30-Year Yield Rises Most Since 1982," *Barron's*, April 9, 2025.

**Q. HOW HAVE INTEREST RATES AND INFLATION CHANGED SINCE THE COMPANY'S LAST RATE CASE WAS FILED IN APRIL 2022?**

**A.** As shown in Figure 4, when the Company made its initial filing of its 2022 Base Rate Case,<sup>22</sup> long-term interest rates (as measured by the 30-year Treasury bond yield) were 2.52 percent and core inflation was 6.16 percent. However, since that time, long-term interest rates have increased by more than 210 basis points and the Federal Reserve has increased the federal funds rate by 376 basis points to combat inflation, which, as shown, remains above the Federal Reserve's target. As shown in Figure 4, the Board's Order dated December 21, 2022, in the 2022 Base Rate Case authorized the Company's current ROE of 9.60%.

**Figure 4: Change in Capital Market Conditions Since the Company's 2022 Base Rate Case<sup>23</sup>**

| <b>Docket</b> | <b>Date</b> | <b>Federal<br/>Funds<br/>Rate</b> | <b>30-Day Avg<br/>of 30-Year<br/>Treasury<br/>Bond Yield</b> | <b>Core<br/>Inflation<br/>Rate</b> | <b>Auth'd<br/>ROE</b> |
|---------------|-------------|-----------------------------------|--------------------------------------------------------------|------------------------------------|-----------------------|
| GR22040253    | 4/14/2022   | 0.33%                             | 2.52%                                                        | 6.16%                              | 9.60%                 |
| Current       | 9/30/2025   | 4.09%                             | 4.63%                                                        | 3.11%                              |                       |
| Change        |             | 3.76%                             | 2.11%                                                        | (3.05%)                            |                       |

<sup>22</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions*, BPU Docket No GR22040253, Order dated December 21, 2022 ("2022 Base Rate Case").

<sup>23</sup> St. Louis Federal Reserve Bank; Bureau of Labor Statistics.



1    **Q.    WHAT ARE EXPECTATIONS FOR THE YIELDS ON LONG-TERM**  
2    **GOVERNMENT BONDS?**

3    **A.**    While the Federal Reserve is forecasting additional cuts to the federal funds rate in 2025  
4    and 2026, economists are still expecting elevated long-term interest rates. In the most  
5    recently published report by Blue Chip Financial Forecasts, the consensus estimate of  
6    economists is that 30-year treasury bond yield will remain relatively stable and decrease  
7    only slightly from 4.70 percent in Q4/2025 to 4.60 percent in Q4/2026.<sup>24</sup> Additionally, the  
8    consensus estimate over the longer-term (*i.e.*, 2027–2031) is 4.40 percent.<sup>25</sup> This is  
9    important because it means that long-term interest rates are expected to remain elevated  
10    during the period that the Company’s rates will be in effect.

11   **Q.    WHAT ARE YOUR CONCLUSIONS REGARDING THE EFFECT OF CURRENT**  
12   **MARKET CONDITIONS ON THE COST OF EQUITY FOR THE COMPANY?**

13   **A.**    It is important in setting the forward-looking ROE to consider current and projected market  
14   conditions due to their effect on the estimated cost of equity. While the FOMC reduced  
15   the federal funds rate at its September and October 2025 meetings, Chairman Powell has  
16   indicated that the Federal Reserve will continue to rely on incoming data to determine  
17   future adjustments to the federal funds rate. Further, long-term interest rates remain  
18   elevated and are expected to continue to remain elevated due to inflationary policies such  
19   as tariffs, immigration policy, and tax cuts. With the increase in long term interest rates  
20   since the Company’s last rate proceeding, and the fact that they are expected to remain  
21   elevated, this is indicative of an increase in the cost of equity.

---

<sup>24</sup> *Blue Chip Financial Forecasts*, Vol. 44, No. 9, August 29, 2025, at 2.

<sup>25</sup> *Blue Chip Financial Forecasts*, Vol. 44, No. 6, June 2, 2025, at 14.

**V. PROXY GROUP SELECTION**

**Q. PLEASE PROVIDE A BRIEF PROFILE OF SOUTH JERSEY GAS.**

**A.** South Jersey Gas is a wholly-owned subsidiary of SJIU, which is in turn a wholly-owned subsidiary of SJI. As noted previously, SJI was acquired and taken private in February 2023 by IIF. SJI provides natural gas distribution service across the state of New Jersey through its subsidiaries South Jersey Gas and Elizabethtown Gas Company. In total, SJI serves approximately 700,000 natural gas customers,<sup>26</sup> with South Jersey Gas serving over 400,000 residential, commercial, and industrial customers across seven counties in New Jersey.<sup>27</sup> South Jersey Gas has a senior unsecured rating from FitchRatings (“Fitch”) of A- (Outlook: Stable) and A3 (Outlook: Stable) from Moody’s Ratings (“Moody’s”).<sup>28</sup>

**Q. WHY HAVE YOU USED A GROUP OF PROXY COMPANIES TO ESTIMATE THE COST OF EQUITY FOR THE COMPANY?**

**A.** In this proceeding, the cost of equity is being estimated for a gas utility company that is not itself publicly traded. Because the cost of equity is a market-based concept and South Jersey Gas is not a publicly-traded entity, it is necessary to establish a group of companies that are both publicly traded and comparable to the Company in certain fundamental business and financial respects to serve as its “proxy” in the cost of equity estimation process. Accordingly, I have developed the screens and screening criteria based on judgment with the intention of balancing the need to maintain a proxy group that is of

---

<sup>26</sup> SJI industries, “Company Overview,” <https://www.sjindustries.com/about-sji/company-overview>.

<sup>27</sup> South Jersey Gas, “About Us,” <https://www.southjerseygas.com/about-us/our-company>.

<sup>28</sup> Fitch Ratings as of July 10, 2024. Moody’s Ratings as of July 29, 2024.

1 sufficient size with the need to establish a proxy group of companies that are comparable  
 2 in business and financial risk to South Jersey Gas.

3 Even if South Jersey Gas's regulated natural gas distribution business made up the  
 4 entirety of a publicly-traded entity, it is possible that transitory events could bias its market  
 5 value over a given time period. A significant benefit of using a proxy group is that it  
 6 mitigates the effects of anomalous events that may be associated with any one company.  
 7 The proxy companies used in my analyses all possess a set of operating and financial risk  
 8 characteristics that are substantially comparable to South Jersey Gas, and, therefore,  
 9 provide a reasonable basis to estimate the appropriate cost of equity for the Company.

10 **Q. HOW DID YOU SELECT THE COMPANIES INCLUDED IN YOUR PROXY**  
 11 **GROUP?**

12 **A.** I began with the group of U.S. utilities that *Value Line Investment Survey* ("*Value Line*")  
 13 classifies as "Natural Gas Distribution Companies" and applied screening criteria to select  
 14 companies that:

- 15 • pay consistent quarterly cash dividends, since companies that do not pay dividends  
 16 cannot be analyzed using the constant growth DCF model;
- 17 • have an investment grade long-term issuer rating;
- 18 • have positive long-term earnings growth forecasts, which is needed in the constant  
 19 growth DCF analysis, from at least two equity analysts;
- 20 • derive more than 70.00 percent of their total operating income from regulated  
 21 operations, to ensure that the proxy companies have reasonably comparable  
 22 operations to the subject company; and,
- 23 • were not parties to a merger or transformative transaction during the analytical  
 24 periods relied on because the market data during transformative periods may not be  
 25 appropriate to use in the cost of equity models.

**Q. WHAT IS THE COMPOSITION OF YOUR PROXY GROUP?**

**A.** The screening criteria discussed, the details of which are presented on Exhibit P-6, Schedule AEB-3, results in a proxy group consisting of the companies shown in Figure 5.

**Figure 5: Proxy Group Composition**

| Company                       | Ticker |
|-------------------------------|--------|
| Atmos Energy Corporation      | ATO    |
| NiSource Inc.                 | NI     |
| Northwest Natural Gas Company | NWN    |
| ONE Gas, Inc.                 | OGS    |
| Southwest Gas Corporation     | SWX    |

**VI. COST OF EQUITY ESTIMATION**

**Q. PLEASE BRIEFLY DISCUSS THE RATE OF RETURN IN THE CONTEXT OF THE REGULATED UTILITY.**

**A.** The rate of return for a regulated utility is the weighted average cost of capital, in which the costs of the individual sources of capital are weighted by their respective proportion (*i.e.*, book values) in the utility's capital structure. The ROE is the cost rate applied to the equity capital in calculating the rate of return. While the costs of debt and preferred stock can be directly observed, the cost of equity is market-based and, therefore, must be estimated based on observable market data.

**Q. HOW IS THE REQUIRED COST OF EQUITY DETERMINED?**

**A.** The required cost of equity is estimated by using analytical techniques that rely on market-based data to quantify investor expectations regarding equity returns, adjusted for certain incremental costs and risks. Informed judgment is then applied to determine where the company's cost of equity falls within the range of results produced by multiple analytical techniques. The key consideration in determining the cost of equity is to ensure that the

1 methodologies employed reasonably reflect investors' views of the financial markets in  
2 general, as well as the subject company (in the context of the proxy group), in particular.  
3 It is also important that the ROE that is authorized takes into consideration the financial  
4 risk resulting from the authorized capital structure of the subject utility. An authorized  
5 capital structure that has a relatively greater amount of leverage results in relatively greater  
6 risk, because equity is the last claimant in the event of the dissolution of a company.  
7 Therefore, as the leverage in the capital structure increases, it is necessary for the ROE to  
8 increase to recognize the incremental risk to equity holders.

9 **Q. WHAT METHODS HAVE YOU USED TO ESTIMATE THE COMPANY'S COST**  
10 **OF EQUITY IN THIS PROCEEDING?**

11 **A.** I consider the results of the constant growth DCF model, the CAPM, the ECAPM, and a  
12 BYRP approach. A reasonable cost of equity estimate appropriately considers alternative  
13 methodologies, observable market data, and the reasonableness of their individual and  
14 collective results.

15 **Q. WHY IS IT IMPORTANT TO USE MORE THAN ONE ANALYTICAL**  
16 **APPROACH TO ESTIMATE THE COST OF EQUITY?**

17 **A.** Because the cost of equity is not directly observable, it must be estimated based on both  
18 quantitative and qualitative information. When faced with the task of estimating the cost  
19 of equity, analysts and investors are inclined to gather and evaluate as much relevant data  
20 as reasonably can be analyzed. Several models have been developed to estimate the cost  
21 of equity, and I use multiple approaches to estimate the cost of equity. As a practical  
22 matter, however, all of the models available for estimating the cost of equity are subject to  
23 limiting assumptions or other methodological constraints. Consequently, many well-

regarded finance texts recommend using multiple approaches when estimating the cost of equity. For example, Copeland, Koller, and Murrin<sup>29</sup> suggest using the CAPM and Arbitrage Pricing Theory model, while Brigham and Gapenski<sup>30</sup> recommend the CAPM, DCF, and BYRP approaches. In addition, the Board has previously recognized that rate of return experts typically use a variety of financial models to estimate the returns required by investors.<sup>31</sup>

#### A. Constant Growth DCF Model

#### Q. PLEASE DESCRIBE THE DCF APPROACH.

A. The DCF approach is based on the theory that a stock's current price represents the present value of all expected future cash flows. In its most general form, the DCF model is expressed as follows:

$$P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_\infty}{(1+k)^\infty} \quad [1]$$

Where  $P_0$  represents the current stock price,  $D_1 \dots D_\infty$  are all expected future dividends, and  $k$  is the discount rate, or required cost of equity. Equation [1] is a standard present value calculation that can be simplified and rearranged into the following form:

$$k = \frac{D_0(1+g)}{P_0} + g \quad [2]$$

Equation [2] is often referred to as the constant growth DCF model in which the first term is the expected dividend yield and the second term is the expected long-term growth rate.

---

<sup>29</sup> Tom Copeland, Tim Koller and Jack Murrin, *Valuation: Measuring and Managing the Value of Companies*, New York, McKinsey & Company, Inc., 3rd Ed., 2000, at 214.

<sup>30</sup> Eugene Brigham and Louis Gapenski, *Financial Management: Theory and Practice*, Orlando, Dryden Press, 1994, at 341.

<sup>31</sup> New Jersey Board of Public Utilities, Docket No. ER12111052, OAL Docket No. PUC16310-12, Order Adopting Initial Decision with Modifications and Clarifications, March 18, 2015, at 71.

1 **Q. WHAT ASSUMPTIONS ARE REQUIRED FOR THE CONSTANT GROWTH DCF**  
2 **MODEL?**

3 **A.** The constant growth DCF model requires the following assumptions: (1) a constant growth  
4 rate for earnings and dividends; (2) a stable dividend payout ratio; (3) a constant price-to-  
5 earnings ratio; and (4) a discount rate greater than the expected growth rate. To the extent  
6 that any of these assumptions are violated, considered judgment and/or specific  
7 adjustments should be applied to the results.

8 **Q. WHAT MARKET DATA DO YOU USE TO CALCULATE THE DIVIDEND**  
9 **YIELD IN YOUR CONSTANT GROWTH DCF MODEL?**

10 **A.** The dividend yield in my constant growth DCF model is based on the current annualized  
11 dividend and average closing stock prices of the proxy group companies over the most  
12 recent 30, 90, and 180 trading days ended September 30, 2025.

13 **Q. WHY DO YOU USE THREE AVERAGING PERIODS FOR STOCK PRICES?**

14 **A.** I use an average of recent trading days to calculate the term  $P_0$  in the DCF model to reflect  
15 current market data, while also ensuring that the result of the model is not skewed by  
16 anomalous events that may affect stock prices on any given trading day.

17 **Q. DO YOU MAKE ANY ADJUSTMENTS TO THE DIVIDEND YIELD TO**  
18 **ACCOUNT FOR PERIODIC GROWTH IN DIVIDENDS?**

19 **A.** Yes. Because utility companies tend to increase their quarterly dividends at different times  
20 throughout the year, it is reasonable to assume that dividend increases will be evenly  
21 distributed over calendar quarters. Given that assumption, it is reasonable to apply one-  
22 half of the expected annual dividend growth rate for purposes of calculating the expected  
23 dividend yield component of the DCF model. This adjustment ensures that the expected

1 first year dividend yield is, on average, representative of the coming twelve-month period,  
2 and does not overstate the aggregated dividends to be paid during that time.

3 **Q. WHY IS IT IMPORTANT TO SELECT APPROPRIATE MEASURES OF LONG-**  
4 **TERM GROWTH IN APPLYING THE DCF MODEL?**

5 **A.** In its constant growth form, the DCF model (*i.e.*, Equation [2]) assumes a single long-term  
6 growth rate in perpetuity. To reduce the long-term growth rate to a single measure, one  
7 must assume that the payout ratio remains constant and that earnings per share (“EPS”),  
8 dividends per share, and book value per share all grow at the same constant rate. Over the  
9 long run, however, dividend growth can only be sustained by earnings growth. Therefore,  
10 it is important to consider a variety of sources in arriving at a singular long-term earnings  
11 growth rate for the constant growth DCF model.

12 **Q. WHICH SOURCES OF LONG-TERM EARNINGS GROWTH RATES DO YOU**  
13 **USE?**

14 **A.** My constant growth DCF model incorporates three sources of long-term earnings growth  
15 rates: (1) *Zacks Investment Research* (“Zacks”); (2) *S&P Capital IQ Pro*; and (3) *Value*  
16 *Line*.

17 **Q. HAVE YOU PREVIOUSLY RELIED ON PROJECTED EPS GROWTH RATES**  
18 **PROVIDED BY YAHOO! FINANCE?**

19 **A.** Yes, however, *Yahoo! Finance* no longer reports consensus projected 3- to 5-year EPS  
20 growth rates. As a result, I have replaced *Yahoo! Finance* data with the consensus  
21 projected 3- to 5-year EPS growth rates reported by *S&P Capital IQ Pro*.



1 **Q. WHY DO YOU BELIEVE THAT PROJECTED EARNINGS GROWTH RATES**  
2 **ARE THE APPROPRIATE GROWTH RATES IN THE DCF MODEL?**

3 **A.** Earnings are the fundamental driver of a company's ability to pay dividends; therefore,  
4 projected EPS growth is the appropriate measure of a company's long-term growth. In  
5 contrast, changes in a company's dividend payments are based on management decisions  
6 related to cash management and other factors. For example, a company may decide to  
7 retain earnings rather than pay out a portion of those earnings to shareholders through  
8 dividends. Therefore, dividend growth rates are less likely than earnings growth rates to  
9 reflect accurately investor perceptions of a company's growth prospects.

10 **Q. HOW DO YOU CALCULATE THE RANGE OF RESULTS FOR THE CONSTANT**  
11 **GROWTH DCF MODELS?**

12 **A.** I calculate a low-end result for my DCF model using the minimum growth rate of the three  
13 sources (*i.e.*, the lowest of the *Zacks*, *S&P Capital IQ Pro*, and *Value Line* projected  
14 earnings growth rates) for each of the proxy group companies. I use a similar approach to  
15 calculate a high-end result, using the maximum growth rate of the three sources for each  
16 proxy group company. Lastly, I calculate the mean results using the average growth rate  
17 from all three sources for each proxy group company.

18 **Q. WHAT ARE THE RESULTS OF YOUR CONSTANT GROWTH DCF**  
19 **ANALYSES?**

20 **A.** The results of my constant growth DCF analyses are presented in Exhibit P-6, Schedule  
21 AEB-4, and are summarized below in Figure 6.

Figure 6: Summary of DCF Results

|                          | Minimum<br>Growth Rate | Average<br>Growth Rate | Maximum<br>Growth Rate |
|--------------------------|------------------------|------------------------|------------------------|
| Mean                     |                        |                        |                        |
| 30-Day Avg. Stock Price  | 10.37%                 | 11.03%                 | 11.83%                 |
| 90-Day Avg. Stock Price  | 10.47%                 | 11.14%                 | 11.93%                 |
| 180-Day Avg. Stock Price | 10.53%                 | 11.20%                 | 11.99%                 |
| Average                  | 10.45%                 | 11.12%                 | 11.92%                 |
| Median                   |                        |                        |                        |
| 30-Day Avg. Stock Price  | 10.54%                 | 10.92%                 | 11.30%                 |
| 90-Day Avg. Stock Price  | 10.68%                 | 11.07%                 | 11.45%                 |
| 180-Day Avg. Stock Price | 10.70%                 | 11.09%                 | 11.47%                 |
| Average                  | 10.64%                 | 11.02%                 | 11.41%                 |

**B. CAPM Analysis****Q. PLEASE BRIEFLY DESCRIBE THE CAPM.**

**A.** The CAPM is a risk premium approach that estimates the cost of equity for a given security as a function of a risk-free return plus a risk premium to compensate investors for the non-diversifiable or “systematic” risk of that security.<sup>32</sup> This second component is the product of the market risk premium and the beta coefficient, which measures the relative riskiness of the security being evaluated.

The CAPM is defined by four components, each of which must theoretically be a forward-looking estimate:

$$K_e = r_f + \beta(r_m - r_f) \quad [3]$$

Where:

$K_e$  = the required market ROE;

$\beta$  = the beta coefficient of an individual security;

$r_f$  = the risk-free rate of return; and

---

<sup>32</sup> Systematic risk is the risk inherent in the entire market or market segment, which cannot be diversified away using a portfolio of assets. Unsystematic risk is the risk of a specific company that can, theoretically, be mitigated through portfolio diversification.

$r_m$  = the required return on the market as a whole.

In this specification, the term  $(r_m - r_f)$  represents the market risk premium. According to the theory underlying the CAPM, because unsystematic risk can be diversified away, investors should only be concerned with systematic or non-diversifiable risk. Systematic risk is measured by beta, which is a measure of the volatility of a security as compared to the market as a whole. Beta is defined as:

$$\beta = \frac{\text{Covariance}(r_e, r_m)}{\text{Variance}(r_m)} \quad [4]$$

*Variance* ( $r_m$ ) represents the variance of the market return, which is a measure of the uncertainty of the general market. *Covariance* ( $r_e, r_m$ ) represents the covariance between the return on a specific security and the general market, which reflects the extent to which the return on that security will respond to a given change in the general market return. Thus, beta represents the risk of the security relative to the general market.

**Q. WHAT RISK-FREE RATE DO YOU USE IN YOUR CAPM ANALYSIS?**

**A.** I rely on three sources for my estimate of the risk-free rate: (1) the current 30-day average yield on 30-year U.S. Treasury bonds, which is 4.79 percent;<sup>33</sup> (2) the average projected 30-year U.S. Treasury bond yield for Q1/2026 through Q1/2027, which is 4.62 percent;<sup>34</sup> and (3) the average projected 30-year U.S. Treasury bond yield for 2026 through 2030, which is 4.40 percent.<sup>35</sup>

---

<sup>33</sup> *Bloomberg Professional*, as of September 30, 2025, 2025.

<sup>34</sup> *Blue Chip Financial Forecasts*, Vol. 44, No. 10, October 1, 2025, at 2.

<sup>35</sup> *Blue Chip Financial Forecasts*, Vol. 44, No. 6, June 2, 2025, at 14.

1 **Q. WHAT BETA COEFFICIENTS DO YOU USE IN YOUR CAPM ANALYSIS?**

2 **A.** As shown in Exhibit P-6, Schedule AEB-5, I use the beta coefficients for the proxy group  
3 companies as reported by *Bloomberg Professional* (“*Bloomberg*”) and *Value Line*. The  
4 beta coefficients reported by *Bloomberg* are calculated using ten years of weekly returns  
5 relative to the S&P 500 Index. The beta coefficients reported by *Value Line* are calculated  
6 based on five years of weekly returns relative to the New York Stock Exchange Composite  
7 Index. Additionally, as shown on Exhibit P-6, Schedules AEB-5 and AEB-6, I also  
8 consider an additional CAPM analysis that relies on the long-term average beta coefficient  
9 reported by *Value Line* for the companies in my proxy group from 2013 through 2024.

10 **Q. HOW DO YOU ESTIMATE THE MARKET RISK PREMIUM IN THE CAPM?**

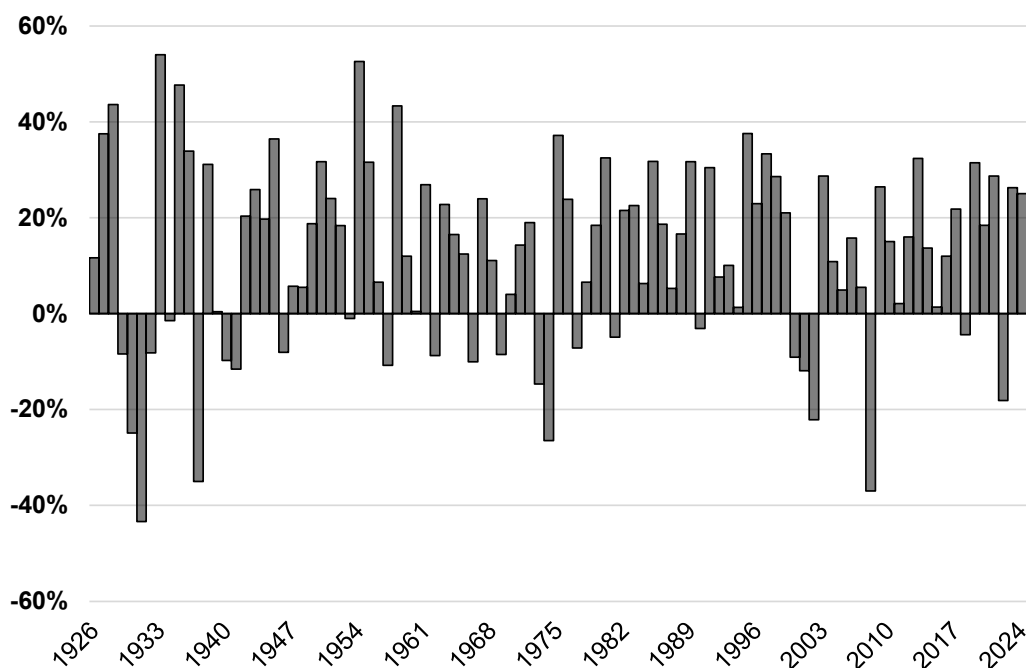
11 **A.** I estimate the market risk premium as the difference between the implied expected equity  
12 market return and the risk-free rate. As shown in Exhibit P-6, Schedule AEB-7, the  
13 expected market return is calculated using the constant growth DCF model discussed  
14 earlier in my testimony for the companies in the S&P 500 Index. Based on an estimated  
15 market capitalization-weighted dividend yield of 1.31 percent and a weighted long-term  
16 earnings growth rate of 11.95 percent, the estimated required market return for the S&P  
17 500 Index as of September 30, 2025, is 13.34 percent. Based on the three risk-free rates  
18 considered, the implied market risk premia ranges from 8.55 percent to 8.94 percent.

19 **Q. HOW DOES THE CURRENT EXPECTED MARKET RETURN YOU HAVE**  
20 **CALCULATED COMPARE TO OBSERVED HISTORICAL MARKET**  
21 **RETURNS?**

22 **A.** As shown in Figure 7, given the range of annual equity returns that have been observed  
23 over the past century, a current expected market return of 13.34 percent is not unreasonable.

As shown, in 41 out of the past 99 years (or approximately 41 percent of the observations), the realized equity market return was at least 13.34 percent or greater.

**Figure 7: Realized U.S. equity market returns (1926-2024)<sup>36</sup>**



**Q. DO YOU ALSO CONSIDER ANOTHER FORM OF THE CAPM IN YOUR ANALYSIS?**

**A.** Yes. I have also considered the results of an ECAPM in estimating the cost of equity for the Company.<sup>37</sup> The ECAPM calculates the product of the adjusted beta coefficient and the market risk premium and applies a weight of 75.00 percent to that result. The model then applies a 25.00 percent weight to the market risk premium without any effect from the beta coefficient. The results of the two calculations are summed, along with the risk-free rate, to produce the ECAPM result, as noted in Equation [5] below:

<sup>36</sup> Depicts total annual returns on large company stocks, as reported in the 2023 *Kroll SBBI Yearbook* and by *S&P Capital IQ Pro*.

<sup>37</sup> See, e.g., Roger A. Morin, *New Regulatory Finance*, Public Utilities Reports, Inc., 2006, at 189.

$$k_e = r_f + 0.75\beta(r_m - r_f) + 0.25(r_m - r_f) \quad [5]$$

Where:

$k_e$  = the required market ROE

$\beta$  = the adjusted beta coefficient of an individual security

$r_f$  = the risk-free rate of return

$r_m$  = the required return on the market as a whole

The ECAPM addresses the tendency of the “traditional” CAPM to underestimate the cost of equity for companies with low beta coefficients such as regulated utilities. In that regard, the ECAPM is not redundant to the use of adjusted betas in the traditional CAPM, but rather it recognizes the results of academic research indicating that the risk-return relationship is different (in essence, flatter) than estimated by the CAPM, and that the CAPM underestimates the “alpha,” or the constant return term.<sup>38</sup>

Consistent with my CAPM, my application of the ECAPM uses the same three yields on the 30-year Treasury bonds as the risk-free rate, forward-looking market risk premium estimate, and beta coefficients.

**Q. WHAT ARE THE RESULTS OF YOUR CAPM ANALYSES?**

**A.** The results of my CAPM and ECAPM analyses are presented in Exhibit P-6, Schedule AEB-5, and are summarized below in Figure 8.

---

<sup>38</sup> *Id.*, at 191.

Figure 8: CAPM and ECAPM Results

|                                       | Current<br>30-Day Avg | Near-Term<br>Projected | Longer-Term<br>Projected |
|---------------------------------------|-----------------------|------------------------|--------------------------|
| CAPM:                                 |                       |                        |                          |
| Current <i>Value Line</i> Beta        | 11.29%                | 11.25%                 | 11.20%                   |
| Current Bloomberg Beta                | 11.10%                | 11.05%                 | 11.00%                   |
| Long-term Avg. <i>Value Line</i> Beta | 11.38%                | 11.34%                 | 11.29%                   |
| ECAPM:                                |                       |                        |                          |
| Current <i>Value Line</i> Beta        | 11.80%                | 11.77%                 | 11.73%                   |
| Current Bloomberg Beta                | 11.66%                | 11.63%                 | 11.58%                   |
| Long-term Avg. <i>Value Line</i> Beta | 11.87%                | 11.84%                 | 11.80%                   |

**C. BYRP Analysis**

**Q. PLEASE DESCRIBE THE BYRP ANALYSIS.**

**A.** In general terms, this approach is based on the fundamental principle that equity investors bear the residual risk associated with equity ownership and therefore require a premium over the return they would have earned as bondholders. In other words, because returns to equity holders have greater risk than returns to bondholders, equity holders require a higher return for that incremental risk. Thus, risk premium approaches estimate the cost of equity as the sum of the equity risk premium and the yield on a particular class of bonds. In my analysis, I use actual authorized returns for natural gas utilities as the historical measure of the cost of equity to determine the risk premium.

**Q. WHAT IS THE FUNDAMENTAL RELATIONSHIP BETWEEN THE EQUITY RISK PREMIUM AND INTEREST RATES?**

**A.** It is important to recognize both academic literature and market evidence indicating that the equity risk premium (as used in this approach) is inversely related to the level of interest rates (*i.e.*, as interest rates increase, the equity risk premium decreases, and vice versa). Consequently, it is important to develop an analysis that: (1) reflects the inverse relationship between interest rates and the equity risk premium; and (2) relies on recent

and expected market conditions. The analysis provided in Exhibit P-6, Schedule AEB-8 establishes that relationship using a regression of the risk premium as a function of Treasury bond yields. When the authorized ROEs serve as the measure of required equity returns and the yield on the long-term Treasury bond is defined as the relevant measure of interest rates, the risk premium is the difference between those two points.<sup>39</sup>

**Q. IS THE BYRP ANALYSIS RELEVANT TO INVESTORS?**

**A.** Yes. Investors are aware of authorized ROEs in other jurisdictions, and they consider those awards as a benchmark for a reasonable level of equity returns for utilities of comparable risk operating in other jurisdictions. As discussed previously, utilities have experienced credit rating downgrades and been subject to a negative market reaction related to the financial effects of a rate case decision that included a below average authorized ROE. Because my BYRP analysis is based on authorized ROEs for utility companies relative to corresponding Treasury yields, it provides relevant information to assess the return expectations of investors in the current interest rate environment.

**Q. WHAT DOES YOUR BYRP ANALYSIS REVEAL?**

**A.** As shown in **Error! Reference source not found.** below, from 1980 through April 2025, there has been a strong negative relationship between risk premia and interest rates. To estimate that relationship, I conducted a regression analysis using the following equation:

$$RP = a + b(T) \text{ [6]}$$

Where:

---

<sup>39</sup> See e.g., S. Keith Berry, "Interest Rate Risk and Utility Risk Premia during 1982-93," *Managerial and Decision Economics*, Vol. 19, No. 2, March, 1998 (the author used a similar methodology, including using authorized ROEs as the relevant data source, and came to similar conclusions regarding the inverse relationship between risk premia and interest rates). See also Robert S. Harris, "Using Analysts' Growth Forecasts to Estimate Shareholder Required Rates of Return," *Financial Management*, Spring 1986, at 66.



$RP$  = Risk Premium (difference between authorized ROEs and the yield on 30-year Treasury bonds)

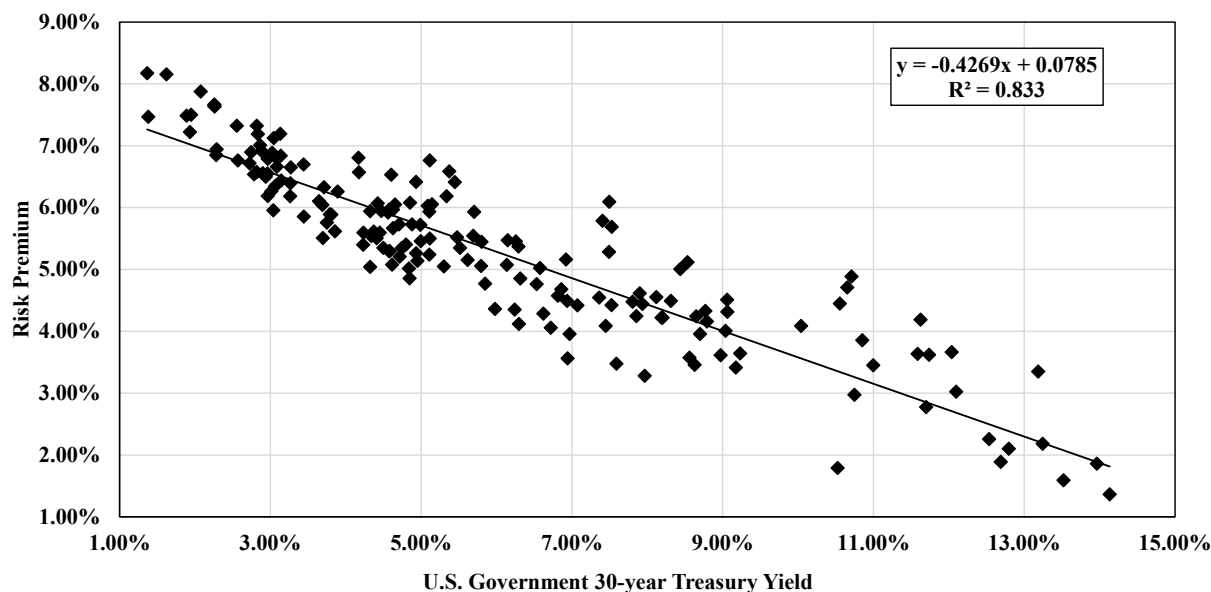
$a$  = intercept term

$b$  = slope term

$T$  = 30-year Treasury bond yield

Data regarding authorized ROEs were derived from all natural gas utility rate cases over this time-period as reported by Regulatory Research Associates (“RRA”).<sup>40</sup> This equation’s coefficients were statistically significant at the 99.00 percent level.

**Figure 9: Bond Yield Risk Premium Regression**



**Q. WHAT ARE THE RESULTS OF YOUR BYRP ANALYSIS?**

**A.** Figure 10 presents the results of my BYRP analysis, which are also presented in more detail in Exhibit P-6, Schedule AEB-8.

<sup>40</sup> This analysis was screened to eliminate limited issue rider cases, pipeline transmission cases, and cases that were silent with respect to the authorized ROE.

Figure 10: Summary of BYRP Results

|                         | <u>30-year Treasury Bond Yield</u> |                        |                          |
|-------------------------|------------------------------------|------------------------|--------------------------|
|                         | Current<br>30-day<br>Avg           | Near-Term<br>Projected | Longer-Term<br>Projected |
| Bond Yield Risk Premium | 10.60%                             | 10.51%                 | 10.38%                   |

## VII. BUSINESS AND REGULATORY RISKS

**Q. DO THE RESULTS OF THE COST OF EQUITY ANALYSES ALONE PROVIDE AN APPROPRIATE ESTIMATE OF THE COST OF EQUITY FOR THE COMPANY?**

**A.** No. The model results provide only a range of the appropriate estimate of the Company's cost of equity. Several additional factors must be considered when determining the reasonableness of where the Company's cost of equity falls within the range of analytical results. These risk factors, discussed below, should be considered with respect to their overall effect on the Company's risk profile relative to the proxy group.

### **A. Small Size Risk**

**Q. IS THERE A RISK TO A FIRM ASSOCIATED WITH SMALL SIZE?**

**A.** Yes. Both the financial and academic communities have long accepted the proposition that the cost of equity for small firms is subject to a "size effect." While empirical evidence of the size effect often is based on studies of industries other than regulated utilities, utility analysts also have noted the risk associated with small market capitalizations. Specifically, an analyst for Ibbotson Associates noted:

For small utilities, investors face additional obstacles, such as a smaller customer base, limited financial resources, and a lack of diversification

1 across customers, energy sources, and geography. These obstacles imply a  
2 higher investor return.<sup>41</sup>

3 **Q. HOW DOES THE SMALLER SIZE OF A UTILITY AFFECT ITS BUSINESS**  
4 **RISK?**

5 **A.** In general, smaller companies are less able to withstand adverse events that affect their  
6 revenues and expenses. The impact of weather variability, the loss of large customers to  
7 bypass opportunities, or the destruction of demand as a result of general macroeconomic  
8 conditions or fuel price volatility will have a proportionately greater impact on the earnings  
9 and cash flow volatility of smaller utilities. Similarly, capital expenditures for non-revenue  
10 producing investments, such as system maintenance and replacements, will put  
11 proportionately greater pressure on customer costs, potentially leading to customer attrition  
12 or demand reduction. Taken together, these risks affect the return required by investors for  
13 smaller companies.

14 **Q. HOW DO THE COMPANY'S NATURAL GAS OPERATIONS COMPARE IN**  
15 **SIZE TO THE PROXY GROUP COMPANIES?**

16 **A.** South Jersey Gas's natural gas operations in New Jersey are substantially smaller than the  
17 median of the proxy group companies in terms of market capitalization. While South  
18 Jersey Gas is not publicly traded on a stand-alone basis, as shown on Exhibit P-6, Schedule  
19 AEB-9, I have estimated the equity capitalization for the Company (*i.e.*, the market  
20 capitalization if the Company were a stand-alone publicly-traded entity) relative to the  
21 actual market capitalization for the proxy group companies.

---

<sup>41</sup> Michael Annin, "Equity and the Small-Stock Effect." Public Utilities Fortnightly, October 15, 1995.

Specifically, to estimate the size of the Company's implied market capitalization relative to the proxy group, I relied on the equity component of the Company's capital structure of \$2.85 billion by the Company's proposed common equity ratio in this proceeding of 57.00 percent to estimate the equity component of the Company's capital of \$1.62 billion.

**Q. HOW DID YOU ESTIMATE THE SIZE PREMIUM FOR SOUTH JERSEY GAS COMPANY?**

**A.** Given this relative size information, it is possible to estimate the impact of size on the cost of equity for the Company using data reported by *Kroll* estimating the stock risk premia based on the size of a company's market capitalization.<sup>42</sup> As shown on Exhibit P-6, Schedule AEB-9, the median market capitalization of the proxy group is approximately \$5.7 billion, which corresponds to the fifth decile of *Kroll's* market capitalization data.<sup>43</sup> Based on *Kroll's* analysis, that decile corresponds to a size premium of 0.74 percent (*i.e.*, 74 basis points). In comparison, the Company's equity capitalization falls within the seventh decile, which corresponds to a size premium of 1.19 percent (*i.e.*, 119 basis points). The difference between the size premium for the Company and the size premium for the proxy group is 45 basis points (*i.e.*, 1.19 percent minus 0.74 percent).

**Q. WERE UTILITY COMPANIES INCLUDED IN THE SIZE PREMIUM STUDY CONDUCTED BY KROLL?**

**A.** Yes. As shown in Exhibit 7.2 of the *Kroll* (formerly *Duff & Phelps*) 2019 Valuation Handbook, OGE Energy Corp. – the parent company of Oklahoma Gas and Electric Corp.,

---

<sup>42</sup> *Kroll* Cost of Capital Navigator – Size Premium; annual data as of December 31, 2024.

<sup>43</sup> *Id.*

1 had the largest market capitalization of the companies contained in the fourth decile, which  
 2 demonstrates that *Kroll* has included utility companies in its size risk premium study.<sup>44</sup>

3 **Q. IS THE SIZE PREMIUM APPLICABLE TO COMPANIES IN REGULATED**  
 4 **INDUSTRIES SUCH AS UTILITIES?**

5 **A.** Yes. For example, Zepp (2003) provided the results of two studies that showed evidence  
 6 of the required risk premium for small water utilities. The first study, which was conducted  
 7 by the Staff of the California Public Utilities Commission, computed proxies for beta risk  
 8 using accounting data from 1981 through 1991 for 58 water utilities and concluded that  
 9 smaller water utilities had greater risk and required higher returns on equity than larger  
 10 water utilities.<sup>45</sup> The second study examined the differences in required returns over the  
 11 period of 1987 through 1997 for two large and two small water utilities in California. As  
 12 Zepp (2003) showed, the required return for the two small water utilities calculated using  
 13 the DCF model was on average 99 basis points higher than the two larger water utilities.<sup>46</sup>

14 Additionally, Chrétien and Coggins (2011) studied the CAPM and its ability to  
 15 estimate the risk premium for the utility industry, and in particular subgroups of utilities.<sup>47</sup>  
 16 The article considered the CAPM, the Fama-French three-factor model, and a model  
 17 similar to the ECAPM, which as previously discussed, I have also considered in estimating  
 18 the cost of equity for the Company. In the study, the Fama-French three-factor model  
 19 explicitly included an adjustment to the CAPM for risk associated with size. As Chrétien

---

<sup>44</sup> *Kroll*, Valuation Handbook: Guide to Cost of Capital, 2019, Exhibit 7.2.

<sup>45</sup> Thomas M. Zepp, "Utility Stocks and the Size Effect—Revisited," *The Quarterly Review of Economics and Finance*, Vol. 43, No. 3, 2003, at 578–582.

<sup>46</sup> *Id.*

<sup>47</sup> Stéphane Chrétien and Frank Coggins, "Cost Of Equity For Energy Utilities: Beyond The CAPM," *Energy Studies Review*, Vol. 18, No. 2, 2011.

1 and Coggins (2011) show, the beta coefficient on the size variable for the U.S. natural gas  
2 utility group was positive and statistically significant indicating that small size risk was  
3 relevant for regulated natural gas utilities.<sup>48</sup>

4 **Q. HAVE REGULATORS IN OTHER JURISDICTIONS MADE A SPECIFIC RISK**  
5 **ADJUSTMENT TO THE COST OF EQUITY RESULTS BASED ON A**  
6 **COMPANY'S SMALL SIZE?**

7 **A.** Yes. For example, in Order No. 15, the Regulatory Commission of Alaska ("RCA")  
8 concluded that Alaska Electric Light and Power Company ("AEL&P") was riskier than the  
9 proxy group companies due to small size as well as other business risks. The RCA did  
10 "not believe that adopting the upper end of the range of ROE analyses in this case, without  
11 an explicit adjustment, would adequately compensate AEL&P for its greater risk."<sup>49</sup> Thus,  
12 the RCA awarded AEL&P an ROE of 12.875 percent, which was 108 basis points above  
13 the highest cost of equity estimate from any model presented in the case.<sup>50</sup> Similarly, the  
14 RCA has also noted that small size, as well as other business risks such as structural  
15 regulatory lag, weather risk, alternative rate mechanisms, gas supply risk, geographic  
16 isolation and economic conditions, increased the risk of ENSTAR Natural Gas Company.<sup>51</sup>  
17 Ultimately, the RCA concluded that:

18 Although we agree that the risk factors identified by ENSTAR increase its  
19 risk, we do not attempt to quantify the amount of that increase. Rather, we  
20 take the factors into consideration when evaluating the remainder of the  
21 record and the recommendations presented by the parties. After applying

---

<sup>48</sup> *Id.*

<sup>49</sup> Regulatory Commission of Alaska, Docket No. U-10-29, Order No. 15, September 2, 2011, at 37.

<sup>50</sup> *Id.*, at 32 and 37.

<sup>51</sup> Regulatory Commission of Alaska, Docket No. U-16-066, Order No. 19, September 22, 2017, at 50-52.

1 our reasoned judgment to the record, we find that 11.875% represents a fair  
2 ROE for ENSTAR.<sup>52</sup>

3 Additionally, the Minnesota Public Utilities Commission (“Minnesota PUC”)  
4 authorized an ROE for Otter Tail Power Company (“Otter Tail”) above the mean DCF  
5 results as a result of multiple factors, including Otter Tail’s small size. The Minnesota PUC  
6 stated:

7 The record in this case establishes a compelling basis for selecting an ROE  
8 above the mean average within the DCF range, given Otter Tail’s unique  
9 characteristics and circumstances relative to other utilities in the proxy  
10 group. These factors include the company’s relatively smaller size,  
11 geographically diffuse customer base, and the scope of the Company’s  
12 planned infrastructure investments.<sup>53</sup>

13 Finally, in Opinion Nos. 569 and 569-A, the Federal Energy Regulatory  
14 Commission (“FERC”) adopted a size premium adjustment in its CAPM estimates for  
15 electric utilities. In those decisions, the FERC noted that “the size adjustment was  
16 necessary to correct for the CAPM’s inability to fully account for the impact of firm size  
17 when determining the cost of equity.”<sup>54</sup>

---

<sup>52</sup> *Id.*

<sup>53</sup> Minnesota Public Utilities Commission, Docket No. E017/GR-15-1033, Order, August 16, 2016, at 55.

<sup>54</sup> *Ass’n. of Businesses Advocating Tariff Equity, et. al., v. Midcontinent Indep. Sys. Operator, Inc., et. al.*, 171 FERC ¶ 61,154 (2020), at ¶ 75. The U.S. Court of Appeals recently vacated FERC Order No. 569 decisions that related to its risk premium model and remanded the case to FERC to reopen the proceedings. However, in its decision, the Court did not reject FERC’s inclusion of the size premium to estimate the CAPM. (*See*, United States Court of Appeals Case No. 16-1325, Decision No. 16-1325, August 9, 2022 at 20).

1 **Q. HOW HAVE YOU CONSIDERED THE SMALLER SIZE OF SOUTH JERSEY**  
2 **GAS'S NATURAL GAS DISTRIBUTION OPERATIONS IN ASSESSING THE**  
3 **REASONABLENESS OF THE COMPANY'S PROPOSED ROE?**

4 **A.** While I have estimated the effect of the Company's small size of its natural gas operations  
5 in New Jersey on the cost of equity, I am not proposing that a specific adjustment for this  
6 risk factor be made. Rather, I have considered the small size of the Company's utility  
7 operations in evaluating where within the range of analytical results that the Company's  
8 ROE should fall. All else equal, the additional risk associated with the Company's small  
9 size supports authorizing an ROE that is above the average of the range of results produced  
10 by the cost of equity estimation models.

11 **B. Capital Expenditures**

12 **Q. WHAT ARE THE COMPANY'S PROJECTED CAPITAL EXPENDITURE**  
13 **REQUIREMENTS OVER THE NEXT FEW YEARS?**

14 **A.** The Company currently projects capital expenditures for 2025 through 2029 of  
15 approximately \$1.38 billion, which represents approximately 40 percent of the Company's  
16 approximate \$3.4 billion in net utility plant as of September 30, 2025.<sup>55</sup>

17 **Q. HOW DO THE COMPANY'S CAPITAL EXPENDITURE REQUIREMENTS**  
18 **COMPARE TO THOSE OF THE PROXY GROUP COMPANIES?**

19 **A.** As shown on Exhibit P-6, Schedule AEB-10, I have calculated the ratio of expected capital  
20 expenditures to net utility plant for the South Jersey Gas and each of the companies in the  
21 proxy group by dividing each company's projected capital expenditures for the period from

---

<sup>55</sup> Data provided by the Company.



2025 through 2029 by its total net utility plant as of December 31, 2024. As shown, the Company's projected capital expenditures to net utility plant are approximately 60 percent of the median of the proxy group.

**Q. HOW IS THE COMPANY'S RISK PROFILE AFFECTED BY ITS CAPITAL EXPENDITURE REQUIREMENTS?**

**A.** As with any utility faced with substantial capital expenditure requirements, the Company's risk profile may be adversely affected in two significant and related ways: (1) the heightened level of investment increases the risk of under-recovery or delayed recovery of the invested capital; and (2) an inadequate return would put downward pressure on key credit metrics.

**Q. DO CREDIT RATING AGENCIES RECOGNIZE THE RISKS ASSOCIATED WITH ELEVATED LEVELS OF CAPITAL EXPENDITURES?**

**A.** Yes. From a credit perspective, the additional pressure on cash flows associated with high levels of capital expenditures exerts corresponding pressure on credit metrics and, therefore, credit ratings. To that point, S&P explains the importance of regulatory support for large capital projects:

When applicable, a jurisdiction's willingness to support large capital projects with cash during construction is an important aspect of our analysis. This is especially true when the project represents a major addition to rate base and entails long lead times and technological risks that make it susceptible to construction delays. Broad support for all capital spending is the most credit-sustaining. Support for only specific types of capital spending, such as specific environmental projects or system integrity plans, is less so, but still favorable for creditors. Allowance of a cash return on construction work-in-progress or similar ratemaking methods historically were extraordinary measures for use in unusual circumstances, but when construction costs are rising, cash flow support could be crucial to maintain credit quality through the spending program. Even more favorable are those

jurisdictions that present an opportunity for a higher return on capital projects as an incentive to investors.<sup>56</sup>

Therefore, to the extent that the Company's rates do not permit the opportunity to recover its capital investments on a regular and timely basis, it will face increased recovery risk and thus increased pressure on its credit metrics.

**Q. DOES SOUTH JERSEY GAS HAVE A REGULATORY MECHANISM TO RECOVER THE COSTS ASSOCIATED WITH ITS CAPITAL EXPENDITURES BETWEEN RATE CASES?**

**A.** Yes, in part. South Jersey Gas has an Infrastructure Investment Program ("IIP") that was approved by the Board in June 2022, which authorized the recovery of costs associated with investments of approximately \$200 million between July 1, 2022 and June 30, 2027 to replace approximately 250 miles of pre-code coated steel and vintage plastic mains and related services and installation of excess flow valves.<sup>57</sup> The Company makes annual filings for updated rates to recover the investments made under its IIP. The existing IIP is scheduled to terminate on June 30, 2027. The Company does not have a capital cost recovery mechanism for other capital expenditures.

---

<sup>56</sup> S&P Global Ratings, "Assessing U.S. Investor-Owned Utility Regulatory Environments," August 10, 2016, at 7.

<sup>57</sup> New Jersey Board of Public Utilities, Order Approving Stipulation of Settlement, Docket No. GR20110726, June 8, 2022; *see also* South Jersey Industries website, 2023 ESG Report, p. 27, <https://www.sjindustries.com/sji/media/SJI2/PDFs/2023-SJI-ESG-Report.pdf>.

1           **C. Regulatory Risk**

2   **Q.   HOW DOES THE REGULATORY ENVIRONMENT AFFECT INVESTORS'**  
3   **RISK ASSESSMENTS?**

4   **A.**   The ratemaking process is premised on the principle that, for investors and companies to  
5       commit the capital needed to provide safe and reliable utility services, the subject utility  
6       must have the opportunity to recover invested capital and the market-required return on  
7       such capital. Regulatory commissions recognize that because utility operations are capital  
8       intensive, regulatory decisions should enable the utility to attract capital at reasonable terms,  
9       which balances the long-term interests of investors and customers. In that respect, the  
10      regulatory framework in which a utility operates is one of the most important factors  
11      considered in both debt and equity investors' risk assessments.

12           From the perspective of debt investors, the authorized return should enable the  
13      utility to generate the cash flow needed to meet its near-term financial obligations, make  
14      the capital investments needed to maintain and expand its systems, and maintain the  
15      necessary levels of liquidity to fund unexpected events. This financial liquidity must be  
16      derived not only from internally generated funds, but also by efficient access to capital  
17      markets. Moreover, because fixed income investors have many investment alternatives,  
18      even within a given market sector, a utility's financial profile must be adequate on a relative  
19      basis to ensure its ability to attract capital under a variety of economic and financial market  
20      conditions.

21           Equity investors require that the authorized return be adequate to provide a risk-  
22      comparable return on the equity portion of the utility's capital investments. Because equity  
23      investors are the residual claimants on the utility's cash flows (*i.e.*, the equity return is

subordinate to interest payments), they are particularly concerned with the strength of regulatory support and its effect on future cash flows.

**Q. DO CREDIT RATING AGENCIES CONSIDER REGULATORY RISK IN ESTABLISHING A COMPANY'S CREDIT RATING?**

**A.** Yes. Both Fitch and Moody's consider the overall regulatory framework in establishing credit ratings. Moody's establishes credit ratings based on four key factors: (1) regulatory framework; (2) the ability to recover costs and earn returns; (3) diversification; and (4) financial strength, liquidity and key financial metrics. Of these criteria, regulatory framework and the ability to recover costs and earn returns are each given a broad rating factor of 25.00 percent. Therefore, Moody's assigns regulatory risk a 50.00 percent weighting in the overall assessment of business and financial risk for regulated utilities.<sup>58</sup>

In a recent report, Fitch noted that key ratings drivers include: regulated cash flow, capital investment, leverage, constructive regulation, and near-term decarbonization risk. Fitch identified key factors that could lead to a rating action for South Jersey Gas, including funds from operations ("FFO") leverage below 3.5 on a sustained basis and unfavorable changes in the regulatory environment that limit the ability to recover cost of capital and investments, increasing FFO leverage.<sup>59</sup>

---

<sup>58</sup> Moody's Investors Service, Rating Methodology: Regulated Electric and Gas Utilities, June 23, 2017, at 4.

<sup>59</sup> FitchRatings, South Jersey Industries, Inc; South Jersey Gas Company; Elizabethtown Gas Company, July 10, 2024.

1   **Q.    HOW DOES THE REGULATORY ENVIRONMENT IN WHICH A UTILITY**  
2       **OPERATES AFFECT ITS ACCESS TO AND COST OF CAPITAL?**

3   **A.**    The regulatory environment can significantly affect both the access to and cost of capital  
4       in several ways. First, the proportion and cost of debt capital available to utility companies  
5       are influenced by the rating agencies' assessment of the regulatory environment. As noted  
6       by Moody's, "[a]n over-arching consideration for regulated utilities in the regulatory  
7       environment in which they operate."<sup>60</sup> Moody's identifies that the regulatory framework is  
8       considered as two subfactors: (1) Legislative and Judicial Underpinnings of the Regulatory  
9       Framework; and (2) Consistency and Predictability of Regulation. With respect to the  
10      Legislative and Judicial considerations, Moody's considers the scope, clarity, transparency,  
11      supportiveness and granularity of utility legislation, decrees, and rules as well as the  
12      strength of the regulatory authority, the effectiveness of the judiciary in arbitrating disputes,  
13      and how well developed the framework is and how well the utility can navigate that  
14      framework. Regarding the Consistency and Predictability of regulation, Moody's considers  
15      the track record of regulatory decisions in terms of consistency, predictability and  
16      supportiveness as well as the utility's interactions in the regulatory process as well as the  
17      overall stance of the regulator toward the utility. <sup>61</sup>

---

<sup>60</sup> Moody's Investors Service, Rating Methodology: Regulated Electric and Gas Utilities, August 6, 2024, at 7.

<sup>61</sup> *Id.*, at 8,10.

1 **Q. HAVE YOU CONDUCTED AN ANALYSIS OF THE REGULATORY**  
2 **FRAMEWORK IN NEW JERSEY RELATIVE TO THE JURISDICTIONS IN**  
3 **WHICH THE COMPANIES IN YOUR PROXY GROUP OPERATE?**

4 **A.** Yes. I have evaluated the regulatory framework in New Jersey on three factors that are  
5 important in terms of providing a regulated utility a reasonable opportunity to earn its  
6 authorized ROE: (1) test year convention (*i.e.*, forecast vs. historical); (2) use of rate design  
7 or other mechanisms that mitigate volumetric risk and stabilize revenue; and (3) prevalence  
8 of capital cost recovery between rate cases.

9 Test Year Convention: South Jersey Gas relies on a partially forecast test year in  
10 New Jersey. Similarly, as shown in Exhibit P-6, Schedule AEB-11, approximately  
11 44 percent of the operating utility subsidiaries of the proxy group companies  
12 provide service in jurisdictions that use a partially or fully forecast test year.

13 Revenue Stabilization/Volumetric Risk: South Jersey Gas currently has some  
14 protection against volumetric risk through its Conservation Incentive Program  
15 (“CIP”), which superseded its former weather normalization clause, and is designed  
16 to recover lost revenues due to the Company’s energy efficiency program (*i.e.* non-  
17 weather changes) and weather-related changes. Similarly, as shown in Exhibit P-6,  
18 Schedule AEB-11, approximately 78 percent of the utility operating subsidiaries of  
19 the proxy group companies also have some form of protection against volumetric  
20 risk either through revenue decoupling, formula-based rates, or straight fixed-  
21 variable rate design.

22 Capital Cost Recovery: As mentioned previously, South Jersey Gas has an IIP  
23 capital tracking mechanism to recover eligible capital expenditures between rate  
24 cases. The mechanism provides for the recovery of costs associated with  
25 investments of approximately \$200 million between 2022-2027 to replace coated  
26 steel and vintage plastic mains and related services and installation of excess flow

valves.<sup>62</sup> The existing IIP is scheduled to terminate on June 30, 2027. The Company does not have a capital cost recovery mechanism for other capital expenditures. As shown in Exhibit P-6, Schedule AEB-11, approximately 78 percent of the operating utility subsidiaries of the proxy group companies also have some form of cost recovery for capital investments placed into service between rate cases.

**Q. HAVE YOU DEVELOPED ANY ADDITIONAL ANALYSES TO EVALUATE THE REGULATORY ENVIRONMENT IN NEW JERSEY AS COMPARED TO THE JURISDICTIONS IN WHICH THE COMPANIES IN YOUR PROXY GROUP OPERATE?**

**A.** Yes. I have conducted two additional analyses to compare the regulatory framework of New Jersey to the jurisdictions in which the companies in the proxy group operate. Specifically, I considered two different rankings: (1) the RRA ranking of regulatory jurisdictions; and (2) S&P's ranking of the credit supportiveness of regulatory jurisdictions.

**Q. HOW DOES RRA EVALUATE THE REGULATORY ENVIRONMENT IN EACH JURISDICTION?**

**A.** RRA evaluates the regulatory environment from an investor perspective, considering the relative regulatory risk associated with ownership of securities issued by the companies that are regulated in each jurisdiction. RRA considers several factors that affect the regulatory process including gubernatorial, legislative and court activity, rate case

---

<sup>62</sup> New Jersey Board of Public Utilities, Order Approving Stipulation of Settlement, Docket No. GR20110726, June 8, 2022; *see also* South Jersey Industries website, 2023 ESG Report, p. 27, <https://www.sjindustries.com/sji/media/SJI2/PDFs/2023-SJI-ESG-Report.pdf>.

1 decisions and other regulatory decisions, and information obtained through contact with  
2 commissioners, staff, company and government outreach.

3 **Q. HOW DID YOU USE THE RRA RATINGS TO COMPARE THE REGULATORY**  
4 **JURISDICTIONS OF THE PROXY GROUP COMPANIES WITH THE**  
5 **COMPANY'S REGULATORY JURISDICTION?**

6 **A.** RRA assigns a ranking for each regulatory jurisdiction between "Above Average/1" to  
7 "Below Average/3," with nine total rankings between these categories. I applied a numeric  
8 ranking system to the RRA rankings with "Above Average/1" assigned the highest ranking  
9 ("1") and "Below Average/3" assigned the lowest ranking ("9"). As shown on Exhibit P-  
10 6, Schedule AEB-12, the New Jersey jurisdictional ranking is currently "Average/3" (*i.e.*,  
11 a "6"), which is below the proxy group average ranking, which is classified as between  
12 "Average/1" and "Average/2" (*i.e.*, a "4.86").

13 **Q. HOW DO YOU CONDUCT YOUR ANALYSIS OF THE S&P CREDIT**  
14 **SUPPORTIVENESS?**

15 **A.** For credit supportiveness, S&P classifies each regulatory jurisdiction into five categories  
16 that range from "Most Credit Supportive" down to "Credit Supportive." My analysis of  
17 the credit supportiveness of the regulatory jurisdictions in which the proxy companies  
18 operate as compared to the Company's regulatory jurisdiction is similar to the analysis of  
19 the RRA overall regulatory ranking discussed above. Specifically, I have assigned a  
20 numerical ranking to each category, from Most Credit Supportive (*i.e.*, a "1") to Credit  
21 Supportive (*i.e.*, a "5"). As shown on Exhibit P-6, Schedule AEB-13, similar to the RRA  
22 regulatory rankings just discussed, the New Jersey jurisdictional classification of "More  
23 Credit Supportive" (*i.e.*, a "4") is below the proxy group average ranking, which is



1 classified as between “Highly Credit Supportive” and “Very Credit Supportive” (*i.e.*, a  
2 “2.45”).

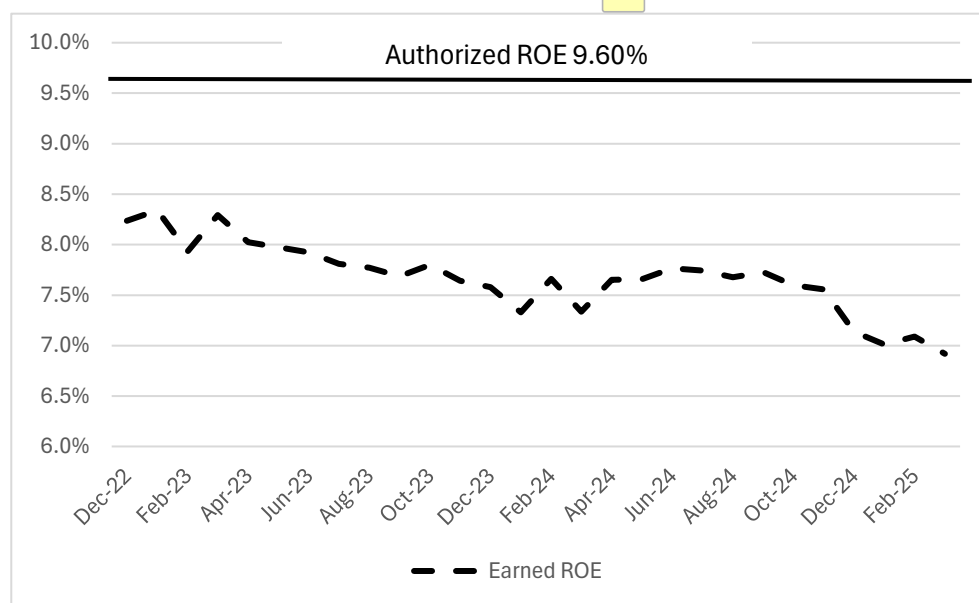
3 **Q. IS IT IMPORTANT THAT THE BOARD CONSIDER HOW THE ROE TO BE**  
4 **AUTHORIZED FOR THE COMPANY IN THIS PROCEEDING COMPARES TO**  
5 **OTHER COMPARABLE UTILITIES?**

6 **A.** Yes. The Board should consider how the authorized ROE for the Company in this  
7 proceeding compares to the ROEs authorized for other utilities, as well as consider the  
8 specific business and regulatory risks of the Company relative to the proxy group, so that  
9 the Company’s future access to capital is not negatively impacted. To the extent that the  
10 returns in a jurisdiction are lower than the returns that have been authorized more broadly,  
11 credit rating agencies will consider this in the overall risk assessment of the regulatory  
12 jurisdiction in which the company operates. As noted, there are various examples of  
13 utilities that have experienced a credit rating downgrade and/or a negative market response  
14 related to the financial effects of a rate decision.

15 **D. Earned ROE**

16 **Q. HAS THE COMPANY EARNED ITS AUTHORIZED ROE SINCE THE 2022 BASE**  
17 **RATE CASE DETERMINATION?**

18 **A.** No. As shown in Figure 11 below, the Company’s earned ROE has been significantly  
19 below its authorized ROE since the December 2022 rate determination, and has been  
20 declining, to an earned return in March 2025 of 6.90 percent.

**Figure 11: SJG Earned ROE December 2022 through March 2025**

**Q. IS NEW JERSEY EXPLORING CHANGE IN ITS REGULATORY POLICY THAT INCREASES THE BUSINESS RISK OF THE COMPANY GOING FORWARD?**

**A.** Yes. On February 15, 2023, the New Jersey governor issued an executive order directing the Board to open a proceeding concerning the development of natural gas utility plans that reduce emissions from the natural gas sector to levels that are consistent with achieving the state's 50 percent reduction in greenhouse gas ("GHG") emissions below 2006 levels by 2030.<sup>63</sup> The executive order also directed the Board to develop recommendations within 18 months of the executive order for how the natural gas industry can best meet these goals, considering cost and support for well-paying jobs, including union jobs, necessary to deliver on these goals.<sup>64</sup> As part of this proceeding, the Board directed the Staff to conduct a stakeholder process that will consider, at a minimum:

<sup>63</sup> Executive Order No. 315 (2023).

<sup>64</sup> New Jersey Board of Public Utilities, Order Initiating a Proceeding, Docket No. GO23020099, March 6, 2023, as revised March 23, 2023.

- Competitive market mechanisms to drive the lowest cost methods for reducing GHG emissions from the natural gas sector, including but not limited to, the adoption of clean heat standards from which the natural gas utilities would develop clean heat plans for meeting GHG emissions reductions.
- The need to ensure the reliable operation and long-term financial viability of natural gas public utilities, and the business model needed to keep the gas system intact while accounting for a shrinking customer base, including ensuring that gas distribution company growth assumptions and peak usage calculations take into account the state's decarbonization policies and minimize investment in new infrastructure so as to reduce the risk of future stranded asset costs.
- Alternative programs and investments that could provide natural gas utilities with new revenue streams and promote good-paying jobs.
- Eliminating subsidies that encourage unnecessary investment in natural gas infrastructure that is likely to be stranded in the future.
- The long-term impacts on those customers that fail or are unable to transition from natural gas, particularly low-income customers, and ways to reduce barriers to that transition.
- Electric grid readiness to handle electrification of building heating and cooling, as well as transportation, and recommendations for shifting investment funding from natural gas to electric system infrastructure upgrades.<sup>65</sup>

Since the opening of the docket, the Staff has held multiple technical conferences, and more than 100 sets of comments have been submitted by interested parties. This proceeding has not been concluded at this time.

**Q. ARE THERE OTHER LEGISLATIVE ACTIVITIES THAT COULD AFFECT THE OVERALL RISK OF SOUTH JERSEY GAS?**

**A.** Yes. State of New Jersey Assembly Bill No. 3374 is a bill that establishes clean heat standards for natural gas utilities and other heating fuel suppliers. The legislation calls for clean heat credits, that represent greenhouse gas emissions reductions, to start at 20 percent in 2030 and increase to 80 percent of the greenhouse gas emissions associated with heating

---

<sup>65</sup> *Id.*

1 fuel in 2050. The bill proposes “clean heat measures” that may include installing heat  
2 pumps, improving thermal efficiency of buildings, or switching to sustainably sourced  
3 biofuels or hydrogen.<sup>66</sup>

4 **Q. HAVE OTHER UTILITIES EXPERIENCED DELAYS IN THE ABILITY TO**  
5 **IMPLEMENT INFRASTRUCTURE INVESTMENT PROGRAMS (“IIP”) AS A**  
6 **RESULT OF THIS PROCEEDING?**

7 **A.** Yes. As part of a settlement with the parties in Docket Nos GR18101197 and GR23120882,  
8 due to the Commission’s ongoing Future of Gas proceeding was ongoing (Docket No.  
9 GO23020099), Elizabethtown Gas Company and the parties agreed that the company’s IIP  
10 2 projects should be held in abeyance for 18 months and the Company’s 2019 IIP was  
11 extended.<sup>67</sup>

12 **E. Conclusion**

13 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE BUSINESS AND**  
14 **REGULATORY RISKS OF THE COMPANY?**

15 **A.** My analysis indicates that the Company has relatively greater regulatory and business risk  
16 as compared to the proxy group. Specifically, I have weighed the Company’s level of  
17 future capital investments, which are less than the proxy group, the Company’s ability to  
18 timely recover its prudently incurred costs, which is generally consistent with the proxy  
19 group, and the relatively greater regulatory risk as compared to the proxy group, the  
20 Company’s small size. Based on this information, it is reasonable that investors would

---

<sup>66</sup> Assembly Bill No. 3374, introduced February 1, 2024.

<sup>67</sup> BPU Docket Nos. GR18101197 and GR23120882, Decision and Order Approving Stipulation of Settlement, July 24, 2024.

1 consider South Jersey Gas to have relatively greater regulatory and business risk going  
2 forward as compared to the proxy group.

3 Furthermore, since the last base rate proceeding, while the Company was  
4 authorized an ROE of 9.60 percent, it has consistently under-earned that return. As shown  
5 in Figure 11, the Company's earned ROE following the rate case decision was 8.20 percent  
6 and has generally trended down over time to an earned return of 6.9 percent in March 2025.

7 As a result of all of these factors, I conclude that the Company has greater than  
8 average business and regulatory risk when compared to the proxy group.

9  
10 **VIII. CAPITAL STRUCTURE**

11 **Q. IS THE CAPITAL STRUCTURE OF THE COMPANY AN IMPORTANT**  
12 **CONSIDERATION IN THE DETERMINATION OF THE APPROPRIATE ROE?**

13 **A.** Yes. It is a fundamental tenet of finance that the greater the amount of financial risk borne  
14 by common shareholders, the greater the return required by shareholders in order to be  
15 compensated for the added financial risk imparted by the greater use of senior debt  
16 financing. In other words, assuming all else equal, the greater the debt ratio, the greater  
17 the risk to equity investors, and thus the greater the return required by equity investors.  
18 This is because the claim of equity holders on the cash flows of the Company is secondary  
19 to debt holders, meaning the greater the debt service requirement, the less cash flow is  
20 available for common equity holders.

21 In this proceeding, a proxy group of comparable companies is being used to  
22 determine the Company's ROE. The returns that are required by investors for the proxy  
23 companies take into consideration the risk related to the capitalization of those companies.

1 Thus, to the extent that the capital structure authorized for the Company was to deviate  
2 significantly from the range established by the proxy group used to determine the ROE,  
3 that risk difference must be reflected in the equity return.

4 **Q. WHAT CAPITAL STRUCTURE IS THE COMPANY PROPOSING?**

5 **A.** South Jersey Gas is proposing a capital structure composed of 57 percent equity and 43  
6 percent long-term debt. The proposed capital structure reflects the Company's projected  
7 capital structure as of September 30, 2025.

8 **Q. HAVE YOU CONDUCTED ANY ANALYSIS TO DETERMINE WHETHER THE**  
9 **COMPANY'S PROPOSED EQUITY RATIO IS REASONABLE?**

10 **A.** Yes, I have reviewed the Company's proposed capital structure as compared with the actual  
11 capital structures of the operating utilities of the proxy group companies for the most recent  
12 three years.

13 **Q. WHY IS IT APPROPRIATE TO CONSIDER THE EQUITY RATIO FOR THE**  
14 **PROXY COMPANIES?**

15 **A.** The determination of the cost of equity and ultimately the authorized ROE is based on the  
16 expected return for a proxy group of companies that are comparable in risk to South Jersey  
17 Gas. The equity ratio is a measure of the financial risk of the company, and the authorized  
18 ROE is the return to compensate investors for that risk. If the Board is going to rely on the  
19 cost of equity estimates for the proxy companies to establish the authorized ROE for South  
20 Jersey, it is important that the financial risk of the Company be similar to the financial risk  
21 of the proxy group. This is accomplished when the equity ratio of the subject company (in  
22 this case South Jersey Gas) is within the range established by the proxy group.

1 **Q. WHAT IS THE RESULT OF YOUR ANALYSIS OF THE PROXY GROUP**  
2 **CAPITAL STRUCTURES?**

3 **A.** As shown in Exhibit P-6, Schedule AEB-14, the common equity ratio for the operating  
4 subsidiaries of the proxy group companies over the past three years ranged from 46.49  
5 percent to 63.34 percent, with a mean of 55.21 percent. Thus, South Jersey Gas's proposed  
6 equity ratio in this proceeding is within the equity ratio range established by the utility  
7 operating subsidiaries of the proxy group and is reasonable.

8 **Q. ARE THERE OTHER FACTORS TO BE CONSIDERED IN SETTING THE**  
9 **COMPANY'S CAPITAL STRUCTURE?**

10 **A.** Yes, there are other factors that should be considered in setting the Company's capital  
11 structure, namely the challenges that the credit rating agencies have highlighted as placing  
12 pressure on the credit metrics for utilities.

13 For example, Moody's recently maintained its "stable" 2025 outlook for the  
14 regulated gas and electric utilities sector on the expectation of continued regulatory  
15 support, which includes supportive legislature, timely recovery of excess purchased power  
16 costs, and weather-related cost recovery. Moody's "stable" rating also considers its  
17 expectation for declining interest rates and inflation, as well as favorable natural gas prices.  
18 Moody's makes clear that constructive regulatory outcomes that promote timely cost  
19 recovery is the key factor in supporting utility credit quality.<sup>68</sup>

20 S&P continues to maintain a negative outlook for the utility industry, noting that  
21 downgrades have outpaced upgrades for the fifth consecutive year and the most common

---

<sup>68</sup> Moody's Investors Service, Outlook. "Outlook Stable; regulatory support, economic factors offset financial pressure." November 7, 2024

investor-owned utility credit rating is a “BBB+”.<sup>69</sup> S&P expects the industry to have increased cash flow deficits as a result of significant capital spending.<sup>70</sup> Weak common equity issuance contributes pressure to the industry’s financial health. The utility industry will need ongoing access to capital markets to fund the capital expenditures. Furthermore, S&P also notes that there is a significant increase physical risk due to climate change and elevated wildfire risk.

Fitch has a “neutral” outlook for the utility industry noting that moderation in inflation and “subdued” commodity costs have eased pressures on customer bills. However, Fitch cautions that utility capital expenditures are expected to grow at a “double-digit rate” and thus, rate case outcomes will be key to watch as regulators balance rate requests and customer bill pressures.<sup>71</sup>

The credit ratings agencies’ continued concerns over increased capital expenditures underscore the importance of maintaining adequate cash flow metrics for the Company in the context of this proceeding.

**Q. WILL THE CAPITAL STRUCTURE AND ROE AUTHORIZED IN THESE PROCEEDINGS AFFECT THE COMPANY’S ACCESS TO CAPITAL AT REASONABLE RATES?**

**A.** Yes. The level of earnings authorized by the Board directly affects the Company’s ability to fund its operations with internally-generated funds. Both bond investors and rating agencies expect a significant portion of ongoing capital investments to be financed with

---

<sup>69</sup> S&P Global Ratings. Industry Credit Outlook 2025, “North American Regulated Utilities: Capex and climate change pressure credit quality.” January 14, 2025

<sup>70</sup> *Id.*

<sup>71</sup> Fitch Ratings, “North American Utilities, Power & Gas Outlook 2025,” December 5, 2024, at 1



internally-generated funds. In addition, it is important to recognize that because a utility's investment horizon is very long, investors require the assurance of a sufficiently high return to satisfy the long-term financing requirements of the assets placed into service. Those assurances, which often are measured by the relationship between internally generated cash flows and debt (or interest expense), depend quite heavily on the capital structure. As a consequence, both the ROE and capital structure are very important to debt and equity investors, particularly given the capital market conditions discussed previously.

**IX. COST OF LONG-TERM DEBT**

**Q. WHAT IS THE COMPANY'S PROPOSED COST OF LONG-TERM DEBT?**

**A.** As shown on Exhibit P-6, Schedule AEB-15, page 2, the Company is proposing a cost of long-term debt of 5.25 percent, which reflects (1) the cost of the Company's long-term debt issued through October 2025 and three projected term loan issuance scheduled to be issued in July 2026.

**Q. HAVE YOU EVALUATED THE REASONABLENESS OF THE COMPANY'S PROPOSED COST OF LONG-TERM DEBT?**

**A.** Yes. Exhibit P-6, Schedule AEB-15 summarizes the long-term debt issued for South Jersey Gas. As shown therein, I have compared the interest rates for each issuance to the yield on the Moody's A-rated utility bond index and the yield on the Moody's Baa Utility bond index on the settlement date for each issuance. I then calculate the weighted average cost of the actual issuances, as compared to the weighted average cost if the issuances had been placed at the Moody's A-rated utility bond yield and the Moody's Baa utility bond yield at the time of issuance.

**Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE COMPANY'S COSTS OF LONG-TERM DEBT?**

**A.** As shown in Exhibit P-6, Schedule AEB-15, the results of this analysis demonstrate that the debt issued by South Jersey Gas has been within the range established by the yield on the Moody's A and Baa rated utility bond indexes. Therefore, I conclude that the weighted average cost of long-term debt issued for South Jersey Gas is reasonable.

**X. CONCLUSIONS AND RECOMMENDATION**

**Q. WHAT IS YOUR CONCLUSION REGARDING A FAIR RATE OF RETURN FOR THE COMPANY?**

**A.** First, based on the various quantitative analyses summarized in Figure 12, a reasonable authorized ROE for South Jersey Gas in this proceeding ranges from 10.25 percent to 11.25 percent. However, the Company is requesting an ROE of 10.00 percent, which is conservative.

**Figure 12: Summary of Analytical Results**

| <i>Constant Growth DCF</i> |                        |                        |                        |
|----------------------------|------------------------|------------------------|------------------------|
|                            | Minimum<br>Growth Rate | Average<br>Growth Rate | Maximum<br>Growth Rate |
| Mean                       |                        |                        |                        |
| 30-Day Avg. Stock Price    | 10.37%                 | 11.03%                 | 11.83%                 |
| 90-Day Avg. Stock Price    | 10.47%                 | 11.14%                 | 11.93%                 |
| 180-Day Avg. Stock Price   | 10.53%                 | 11.20%                 | 11.99%                 |
| Average                    | 10.45%                 | 11.12%                 | 11.92%                 |
| Median                     |                        |                        |                        |
| 30-Day Avg. Stock Price    | 10.54%                 | 10.92%                 | 11.30%                 |
| 90-Day Avg. Stock Price    | 10.68%                 | 11.07%                 | 11.45%                 |
| 180-Day Avg. Stock Price   | 10.70%                 | 11.09%                 | 11.47%                 |
| Average                    | 10.64%                 | 11.02%                 | 11.41%                 |

***CAPM and ECAPM***

| 30-Year Treasury Bond Yield |           |             |
|-----------------------------|-----------|-------------|
| Current                     | Near-Term | Longer-Term |

|                                       | 30-Day Avg | Projected | Projected |
|---------------------------------------|------------|-----------|-----------|
| CAPM:                                 |            |           |           |
| Current <i>Value Line</i> Beta        | 11.29%     | 11.25%    | 11.20%    |
| Current Bloomberg Beta                | 11.10%     | 11.05%    | 11.00%    |
| Long-term Avg. <i>Value Line</i> Beta | 11.38%     | 11.34%    | 11.29%    |
| ECAPM:                                |            |           |           |
| Current <i>Value Line</i> Beta        | 11.80%     | 11.77%    | 11.73%    |
| Current Bloomberg Beta                | 11.66%     | 11.63%    | 11.58%    |
| Long-term Avg. <i>Value Line</i> Beta | 11.87%     | 11.84%    | 11.80%    |
| Bond Yield Risk Premium               | 10.60%     | 10.51%    | 10.38%    |

In addition, the Company's proposed capital structure for ratemaking purposes consisting of 57.0 percent common equity and 43.0 percent long-term debt is reasonable given that it is consistent with the actual capital structures of the operating utilities of the proxy group companies, and while the Company has relatively greater business and regulatory risk relative to the proxy group, my recommended ROE is the average of the range. Further, the impact of current and projected market conditions on the cash flows of utilities as identified by the credit rating agencies, also supports the reasonableness of the Company's proposed ratemaking capital structure.

**Figure 13: Summary of Overall Rate of Return**

|                          | Capital<br>Structure | Cost<br>Rate | Total |
|--------------------------|----------------------|--------------|-------|
| Long-Term Debt           | 43.00%               | 5.25%        | 2.26% |
| Equity                   | 57.00%               | 10.00%       | 5.70% |
| Wgtd Avg Cost of Capital | 100.00%              |              | 7.96% |

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**A.** Yes, it does.

## Ann E. Bulkley

### PRINCIPAL

---

Boston

508.981.0866

[Ann.Bulkley@brattle.com](mailto:Ann.Bulkley@brattle.com)

With more than 30 years of experience in the energy industry, Ms. Bulkley specializes in regulatory economics for the electric and natural gas and water utility sectors, including valuation of regulated and unregulated utility assets, cost of capital, and capital structure issues.

Ms. Bulkley has extensive state and federal regulatory experience, and she has provided expert testimony on the cost of capital in nearly 100 regulatory proceedings before 32 state regulatory commissions and the Federal Energy Regulatory Commission (FERC).

In addition to her regulatory experience, Ms. Bulkley has provided valuation and appraisal services for a variety of purposes, including the sale or acquisition of utility assets, regulated ratemaking, ad valorem tax disputes, and other litigation purposes. In addition, she has experience in the areas of contract and business unit valuation, strategic alliances, market restructuring, and regulatory and litigation support.

Ms. Bulkley is a Certified General Appraiser licensed in the Commonwealth of Massachusetts and the State of New Hampshire.

Prior to joining Brattle, Ms. Bulkley was a Senior Vice President at an economic consultancy and held senior positions at several other consulting firms.

---

#### AREAS OF EXPERTISE

- Regulatory Economics, Finance & Rates
- Regulatory Investigations & Enforcement
- Tax Controversy & Transfer Pricing
- Electricity Litigation & Regulatory Disputes
- M&A Litigation

---

## EDUCATION

- **Boston University**  
MA in Economics
- **Simmons College**  
BA in Economics and Finance

---

## PROFESSIONAL EXPERIENCE

- **The Brattle Group (2022–Present)**  
Principal
- **Concentric Energy Advisors, Inc. (2002–2021)**  
Senior Vice President  
Vice President  
Assistant Vice President  
Project Manager
- **Navigant Consulting, Inc. (1997–2002)**  
Project Manager
- **Reed Consulting Group (1995-1997)**  
Consultant- Project Manager
- **Cahners Publishing Company (1995)**  
Economist

---

## SELECTED CONSULTING EXPERIENCE & EXPERT TESTIMONY

### REGULATORY ANALYSIS AND RATEMAKING

Have provided a range of advisory services relating to regulatory policy analysis and many aspects of utility ratemaking, with specific services including:

- Cost of capital and return on equity testimony, cost of service and rate design analysis and testimony, development of ratemaking strategies
- Development of merchant function exit strategies

- Analysis and program development to address residual energy supply and/or provider of last resort obligations
- Stranded costs assessment and recovery  
Performance-based ratemaking analysis and design
- Many aspects of traditional utility ratemaking (e.g., rate design, rate base valuation)

#### **COST OF CAPITAL**

Have provided expert testimony on the cost of capital and capital structure in nearly 100 regulatory proceedings before state and federal regulatory commissions in the United States.

#### **RATEMAKING**

Have assisted several clients with analysis to support investor-owned and municipal utility clients in the preparation of rate cases. Sample engagements include:

- Assisted several investor-owned and municipal clients on cost allocation and rate design issues including the development of expert testimony supporting recommended rate alternatives.
- Worked with Canadian regulatory staff to establish filing requirements for a rate review of a newly regulated electric utility. Along with analyzing and evaluating rate application, attended hearings and conducted investigation of rate application for regulatory staff and prepared, supported, and defended recommendations for revenue requirements and rates for the company. Additionally, developed rates for gas utility for transportation program and ancillary services.

#### **VALUATION**

Have provided valuation services to utility clients, unregulated generators, and private equity clients for a variety of purposes, including ratemaking, fair value, ad valorem tax, litigation and damages, and acquisition. Appraisal practices are consistent with the national standards established by the Uniform Standards of Professional Appraisal Practice.

Representative projects/clients have included:

- Prepared appraisals of electric utility transmission and distribution assets for ad valorem tax purposes.
- Prepared appraisals of hydroelectric generating facilities for ad valorem tax purposes.
- Conducted appraisals of fossil fuel generating facilities for ad valorem tax purposes.
- Conducted appraisals of generating assets for the purposes of unwinding sale-leaseback agreements.
- For a confidential utility client, prepared valuation of fossil and nuclear generation assets for financing purposes for regulated utility client.

- Conducted a strategic review of the acquisition of nuclear generation assets. Review included the evaluation of the operating costs of the facilities and the long-term liabilities associated with the assets including the decommissioning of the assets.
- Prepared a valuation of a portfolio of generation assets for a large energy utility to be used for strategic planning purposes. Valuation approach included an income approach, a real options analysis, and a risk analysis.
- Assisted clients in the restructuring of NUG contracts through the valuation of the underlying assets. Performed analysis to determine the option value of a plant in a competitively priced electricity market following the settlement of the NUG contract.
- Prepared market valuations of several purchase power contracts for large electric utilities in the sale of purchase power contracts. Assignment included an assessment of the regional power market, analysis of the underlying purchase power contracts, and a traditional discounted cash flow valuation approach, as well as a risk analysis. Analyzed bids from potential acquirers using income and risk analysis approach. Prepared an assessment of the credit issues and value at risk for the selling utility.
- Prepared appraisal of a portfolio of generating facilities for a large electric utility to be used for financing purposes.
- Conducted a valuation of regulated utility assets for the fair value rate base estimate used in electric rate proceedings in Indiana.
- Prepared an appraisal of a fleet of fossil generating assets for a large electric utility to establish the value of assets transferred from utility property.
- Conducted due diligence on an electric transmission and distribution system as part of a buy-side due diligence team.
- Provided analytical support and prepared testimony regarding the valuation of electric distribution system assets in five communities in a condemnation proceeding.
- Prepared feasibility reports analyzing the expected net benefits resulting from municipal ownership of investor-owned utility operations.
- Prepared independent analyses of proposal for the proposed government condemnation of the investor-owned utilities in Maine and the formation of a public power district.
- Valued purchase power agreements in the transfer of assets to a deregulated electric market.

#### **STRATEGIC AND FINANCIAL ADVISORY SERVICES**

Have assisted several clients across North America with analytically-based strategic planning, due diligence, and financial advisory services.

Representative projects include:

- Preparation of feasibility studies for bond issuances for municipal and district steam clients.
- Assisted in the development of a generation strategy for an electric utility. Analyzed various NERC regions to identify potential market entry points. Evaluated potential competitors and alliance partners. Assisted in the development of gas and electric price forecasts. Developed a framework for the implementation of a risk management program.
- Assisted clients in identifying potential joint venture opportunities and alliance partners. Contacted interviewed and evaluated potential alliance candidates based on company-established criteria for several LDCs and marketing companies. Worked with several LDCs and unregulated marketing companies to establish alliances to enter into the retail energy market. Prepared testimony in support of several merger cases and participated in the regulatory process to obtain approval for these mergers.
- Assisted clients in several buy-side due diligence efforts, providing regulatory insight and developing valuation recommendations for acquisitions of both electric and gas properties.

---

#### EXPERT TESTIMONY

Ms. Bulkley has provided expert testimony before the following regulatory commissions, courts and boards:

- **Arizona Corporation Commission**
- **Arkansas Public Service Commission**
- **California Public Utilities Commission**
- **Colorado Public Utilities Commission**
- **Connecticut Public Utilities Regulatory Authority**
- **Federal Energy Regulatory Commission**
- **Idaho Public Utilities Commission**
- **Illinois Commerce Commission**
- **Indiana Utility Regulatory Commission**
- **Iowa Utilities Board**
- **Kansas Corporation Commission**
- **Kentucky Public Service Commission**
- **Maine Public Utilities Commission**
- **Maryland Public Service Commission**



- **Massachusetts Appellate Tax Board**
- **Massachusetts Department of Public Utilities**
- **Michigan Public Service Commission**
- **Michigan Tax Tribunal**
- **Minnesota Public Utilities Commission**
- **Missouri Public Service Commission**
- **Montana Public Service Commission**
- **Public Utilities Commission of Nevada**
- **New Hampshire - Board of Tax and Land Appeals**
- **New Hampshire Public Utilities Commission**
- **New Hampshire-Merrimack County Superior Court**
- **New Hampshire-Rockingham Superior Court**
- **New Jersey Board of Public Utilities**
- **New Mexico Public Regulation Commission**
- **New York State Department of Public Service**
- **North Dakota Public Service Commission**
- **Oklahoma Corporation Commission**
- **Oregon Public Service Commission**
- **Oregon Public Service Commission**
- **Pennsylvania Public Utility Commission**
- **South Dakota Public Utilities Commission**
- **Tennessee Public Utility Commission**
- **Texas Public Utility Commission**
- **Texas Railroad Commission**
- **Utah Public Service Commission**
- **Virginia State Corporation Commission**
- **Washington Utilities Transportation Commission**
- **West Virginia Public Service Commission**

- **Wisconsin Public Service Commission**
- **Wyoming Public Service Commission**

---

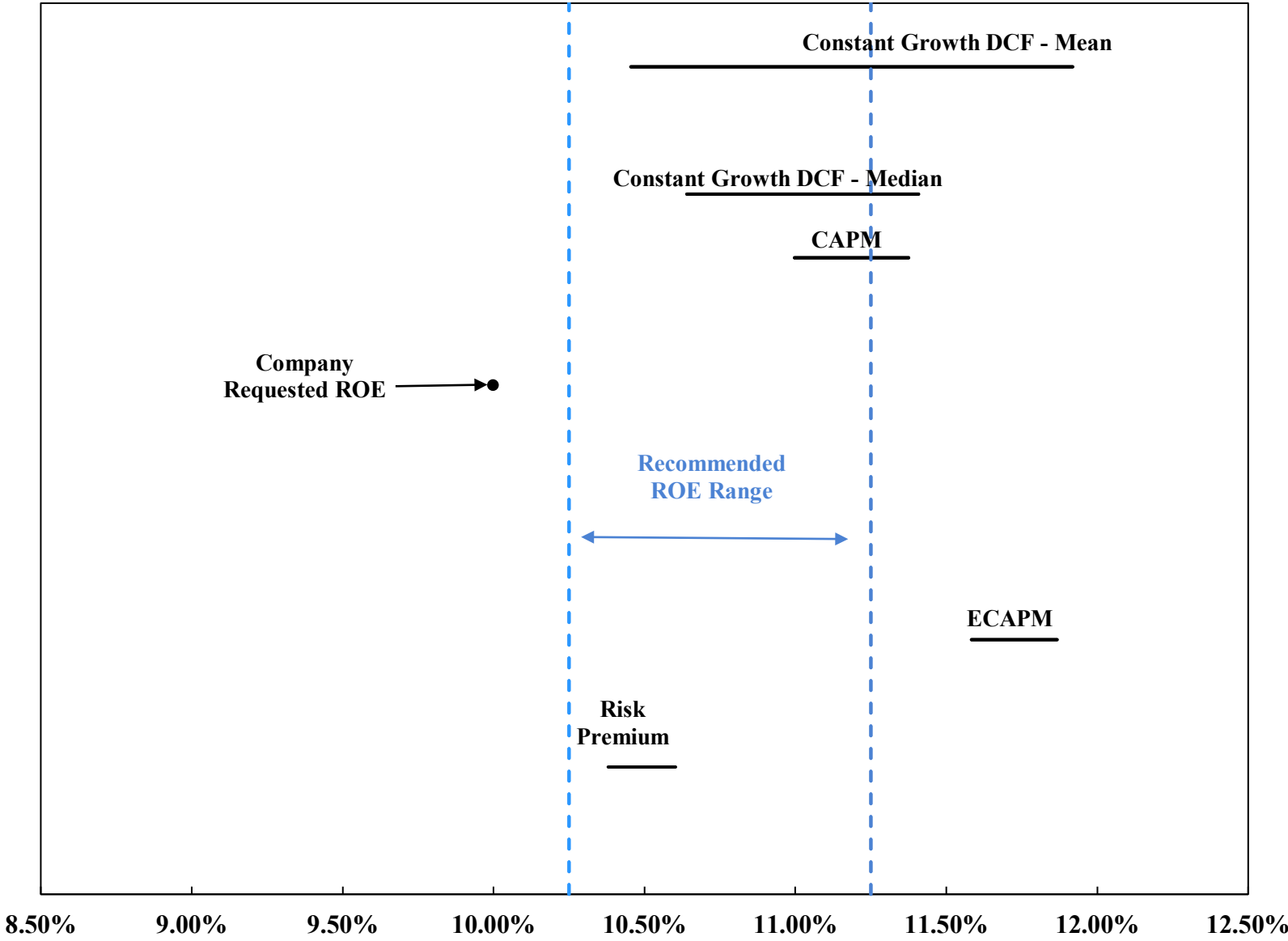
#### CERTIFICATIONS/ACCREDITATIONS

Certified General Appraiser, licensed in the Commonwealth of Massachusetts and the states of Maryland and New Hampshire

COST OF EQUITY ANALYSES  
SUMMARY OF RESULTS

|                                       |             |             |             |
|---------------------------------------|-------------|-------------|-------------|
| <b>Constant Growth DCF</b>            |             |             |             |
|                                       | Minimum     | Average     | Maximum     |
|                                       | Growth Rate | Growth Rate | Growth Rate |
| Mean                                  |             |             |             |
| 30-Day Avg. Stock Price               | 10.37%      | 11.03%      | 11.83%      |
| 90-Day Avg. Stock Price               | 10.47%      | 11.14%      | 11.93%      |
| 180-Day Avg. Stock Price              | 10.53%      | 11.20%      | 11.99%      |
| Average                               | 10.45%      | 11.12%      | 11.92%      |
| Median                                |             |             |             |
| 30-Day Avg. Stock Price               | 10.54%      | 10.92%      | 11.30%      |
| 90-Day Avg. Stock Price               | 10.68%      | 11.07%      | 11.45%      |
| 180-Day Avg. Stock Price              | 10.70%      | 11.09%      | 11.47%      |
| Average                               | 10.64%      | 11.02%      | 11.41%      |
| <b>CAPM and ECAPM</b>                 |             |             |             |
| 30-Year Treasury Bond Yield           |             |             |             |
|                                       | Current     | Near-Term   | Longer-Term |
|                                       | 30-Day Avg  | Projected   | Projected   |
| CAPM:                                 |             |             |             |
| Current <i>Value Line</i> Beta        | 11.29%      | 11.25%      | 11.20%      |
| Current Bloomberg Beta                | 11.10%      | 11.05%      | 11.00%      |
| Long-term Avg. <i>Value Line</i> Beta | 11.38%      | 11.34%      | 11.29%      |
| ECAPM:                                |             |             |             |
| Current <i>Value Line</i> Beta        | 11.80%      | 11.77%      | 11.73%      |
| Current Bloomberg Beta                | 11.66%      | 11.63%      | 11.58%      |
| Long-term Avg. <i>Value Line</i> Beta | 11.87%      | 11.84%      | 11.80%      |
| Bond Yield Risk Premium               | 10.60%      | 10.51%      | 10.38%      |

|                             |        |     |
|-----------------------------|--------|-----|
|                             | X      | Y   |
| Mean                        | 10.45% | 6.5 |
|                             | 11.12% | 6.5 |
|                             | 11.92% | 6.5 |
| Median                      | 10.64% | 5.5 |
|                             | 11.02% | 5.5 |
|                             | 11.41% | 5.5 |
| CAPM                        | 11.00% | 5.0 |
|                             | 11.38% | 5.0 |
| ECAPM                       | 11.58% | 2.0 |
|                             | 11.87% | 2.0 |
| Risk Premium                | 10.38% | 1.0 |
|                             | 10.60% | 1.0 |
| Low End ROE Recommendation  | 10.25% | 0.0 |
|                             | 10.25% | 9.0 |
| High End ROE Recommendation | 11.25% | 0.0 |
|                             | 11.25% | 9.0 |
| Company Requested ROE       | 10.00% | 4.0 |



PROXY GROUP SCREENING DATA AND RESULTS

|                               |        | [1]       | [2]               | [3]                     | [4]       |
|-------------------------------|--------|-----------|-------------------|-------------------------|-----------|
|                               |        |           | S&P Credit Rating | % Regul. Oper. Income   |           |
|                               |        |           | Between BBB- and  | to Total Oper. Income > | Announced |
| Company                       | Ticker | Dividends | AAA               | 70%                     | Merger    |
| Atmos Energy Corporation      | ATO    | Yes       | A-                | 100.00%                 | No        |
| NiSource Inc.                 | NI     | Yes       | BBB+              | 99.44%                  | No        |
| Northwest Natural Gas Company | NWN    | Yes       | A-                | 99.75%                  | No        |
| ONE Gas, Inc.                 | OGS    | Yes       | A-                | 100.00%                 | No        |
| Southwest Gas Corporation     | SWX    | Yes       | BBB+              | 86.42%                  | No        |

Notes:

---

[1] Bloomberg Professional  
[2] Bloomberg Professional  
[3] Form 10-K's for 2024, 2022, and 2021  
[4] S&P Capital IQ Pro Financial News Releases

| 30-DAY CONSTANT GROWTH DCF    |        |                     |             |                |                         |                                      |                                          |                                 |                                   |                                     |                                  |                                     |
|-------------------------------|--------|---------------------|-------------|----------------|-------------------------|--------------------------------------|------------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
|                               |        | [1]                 | [2]         | [3]            | [4]                     | [5]                                  | [6]                                      | [7]                             | [8]                               | [9]                                 | [10]                             | [11]                                |
| Company                       | Ticker | Annualized Dividend | Stock Price | Dividend Yield | Expected Dividend Yield | Value Line Projected EPS Growth Rate | S&P Capital IQ Projected EPS Growth Rate | Zacks Projected EPS Growth Rate | Average Projected EPS Growth Rate | Cost of Equity: Minimum Growth Rate | Cost of Equity: Mean Growth Rate | Cost of Equity: Maximum Growth Rate |
| Atmos Energy Corporation      | ATO    | \$3.48              | \$165.62    | 2.10%          | 2.18%                   | 7.00%                                | 7.22%                                    | 7.30%                           | 7.17%                             | 9.17%                               | 9.35%                            | 9.48%                               |
| NiSource Inc.                 | NI     | \$1.12              | \$41.53     | 2.70%          | 2.81%                   | 9.50%                                | 8.44%                                    | 7.90%                           | 8.61%                             | 10.70%                              | 11.43%                           | 12.33%                              |
| Northwest Natural Gas Company | NWN    | \$1.96              | \$42.14     | 4.65%          | 4.79%                   | 6.50%                                | 5.75%                                    | n/a                             | 6.13%                             | 10.54%                              | 10.92%                           | 11.30%                              |
| ONE Gas, Inc.                 | OGS    | \$2.68              | \$76.30     | 3.51%          | 3.61%                   | 4.50%                                | 5.94%                                    | 5.60%                           | 5.35%                             | 8.09%                               | 8.95%                            | 9.56%                               |
| Southwest Gas Corporation     | SWX    | \$2.48              | \$78.30     | 3.17%          | 3.34%                   | 10.00%                               | 13.11%                                   | 10.40%                          | 11.17%                            | 13.33%                              | 14.51%                           | 16.49%                              |
| Mean                          |        |                     |             |                |                         |                                      |                                          |                                 |                                   | 10.37%                              | 11.03%                           | 11.83%                              |
| Median                        |        |                     |             |                |                         |                                      |                                          |                                 |                                   | 10.54%                              | 10.92%                           | 11.30%                              |

Notes:

[1] Bloomberg Professional as of September 30, 2025

[2] Bloomberg Professional 30-day average as of September 30, 2025

[3] Equals [1]/[2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Value Line

[6] S&P Capital IQ

[7] Zacks

[8] Equals average of [5], [6], [7]

[9] Equals [3] x (1 + 0.5 x (min([5], [6], [7])) + (min([5], [6], [7]))

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x (max([5], [6], [7])) + (max([5], [6], [7]))

| 90-DAY CONSTANT GROWTH DCF    |        |                     |             |                |                         |                                      |                                          |                                 |                                   |                                     |                                  |                                     |
|-------------------------------|--------|---------------------|-------------|----------------|-------------------------|--------------------------------------|------------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
|                               |        | [1]                 | [2]         | [3]            | [4]                     | [5]                                  | [6]                                      | [7]                             | [8]                               | [9]                                 | [10]                             | [11]                                |
| Company                       | Ticker | Annualized Dividend | Stock Price | Dividend Yield | Expected Dividend Yield | Value Line Projected EPS Growth Rate | S&P Capital IQ Projected EPS Growth Rate | Zacks Projected EPS Growth Rate | Average Projected EPS Growth Rate | Cost of Equity: Minimum Growth Rate | Cost of Equity: Mean Growth Rate | Cost of Equity: Maximum Growth Rate |
| Atmos Energy Corporation      | ATO    | \$3.48              | \$158.64    | 2.19%          | 2.27%                   | 7.00%                                | 7.22%                                    | 7.30%                           | 7.17%                             | 9.27%                               | 9.45%                            | 9.57%                               |
| NiSource Inc.                 | NI     | \$1.12              | \$40.71     | 2.75%          | 2.87%                   | 9.50%                                | 8.44%                                    | 7.90%                           | 8.61%                             | 10.76%                              | 11.48%                           | 12.38%                              |
| Northwest Natural Gas Company | NWN    | \$1.96              | \$40.87     | 4.80%          | 4.94%                   | 6.50%                                | 5.75%                                    | n/a                             | 6.13%                             | 10.68%                              | 11.07%                           | 11.45%                              |
| ONE Gas, Inc.                 | OGS    | \$2.68              | \$74.02     | 3.62%          | 3.72%                   | 4.50%                                | 5.94%                                    | 5.60%                           | 5.35%                             | 8.20%                               | 9.06%                            | 9.67%                               |
| Southwest Gas Corporation     | SWX    | \$2.48              | \$76.00     | 3.26%          | 3.45%                   | 10.00%                               | 13.11%                                   | 10.40%                          | 11.17%                            | 13.43%                              | 14.62%                           | 16.59%                              |
| Mean                          |        |                     |             |                |                         |                                      |                                          |                                 |                                   | 10.47%                              | 11.14%                           | 11.93%                              |
| Median                        |        |                     |             |                |                         |                                      |                                          |                                 |                                   | 10.68%                              | 11.07%                           | 11.45%                              |

Notes:

[1] Bloomberg Professional as of September 30, 2025

[2] Bloomberg Professional 90-day average as of September 30, 2025

[3] Equals [1]/[2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Value Line

[6] S&P Capital IQ

[7] Zacks

[8] Equals average of [5], [6], [7]

[9] Equals [3] x (1 + 0.5 x (min([5], [6], [7])) + (min([5], [6], [7])))

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x (max([5], [6], [7])) + (max([5], [6], [7])))



| 180-DAY CONSTANT GROWTH DCF   |        |                     |             |                |                         |                                      |                                          |                                 |                                   |                                     |                                  |                                     |
|-------------------------------|--------|---------------------|-------------|----------------|-------------------------|--------------------------------------|------------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
|                               |        | [1]                 | [2]         | [3]            | [4]                     | [5]                                  | [6]                                      | [7]                             | [8]                               | [9]                                 | [10]                             | [11]                                |
| Company                       | Ticker | Annualized Dividend | Stock Price | Dividend Yield | Expected Dividend Yield | Value Line Projected EPS Growth Rate | S&P Capital IQ Projected EPS Growth Rate | Zacks Projected EPS Growth Rate | Average Projected EPS Growth Rate | Cost of Equity: Minimum Growth Rate | Cost of Equity: Mean Growth Rate | Cost of Equity: Maximum Growth Rate |
| Atmos Energy Corporation      | ATO    | \$3.48              | \$153.71    | 2.26%          | 2.35%                   | 7.00%                                | 7.22%                                    | 7.30%                           | 7.17%                             | 9.34%                               | 9.52%                            | 9.65%                               |
| NiSource Inc.                 | NI     | \$1.12              | \$39.53     | 2.83%          | 2.96%                   | 9.50%                                | 8.44%                                    | 7.90%                           | 8.61%                             | 10.84%                              | 11.57%                           | 12.47%                              |
| Northwest Natural Gas Company | NWN    | \$1.96              | \$40.72     | 4.81%          | 4.96%                   | 6.50%                                | 5.75%                                    | n/a                             | 6.13%                             | 10.70%                              | 11.09%                           | 11.47%                              |
| ONE Gas, Inc.                 | OGS    | \$2.68              | \$73.30     | 3.66%          | 3.75%                   | 4.50%                                | 5.94%                                    | 5.60%                           | 5.35%                             | 8.24%                               | 9.10%                            | 9.70%                               |
| Southwest Gas Corporation     | SWX    | \$2.48              | \$74.00     | 3.35%          | 3.54%                   | 10.00%                               | 13.11%                                   | 10.40%                          | 11.17%                            | 13.52%                              | 14.71%                           | 16.68%                              |
| Mean                          |        |                     |             |                |                         |                                      |                                          |                                 |                                   | 10.53%                              | 11.20%                           | 11.99%                              |
| Median                        |        |                     |             |                |                         |                                      |                                          |                                 |                                   | 10.70%                              | 11.09%                           | 11.47%                              |

Notes:

[1] Bloomberg Professional as of September 30, 2025

[2] Bloomberg Professional 180-day average as of September 30, 2025

[3] Equals [1]/[2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Value Line

[6] S&P Capital IQ

[7] Zacks

[8] Equals average of [5], [6], [7]

[9] Equals [3] x (1 + 0.5 x (min([5], [6], [7])) + (min([5], [6], [7]))

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x (max([5], [6], [7])) + (max([5], [6], [7]))

**CAPITAL ASSET PRICING MODEL  
CURRENT RISK FREE RATE AND VALUE LINE BETA**

|                               |        | [1]                                                              | [2]  | [3]              | [4]                    | [5]                         | [6]                          |
|-------------------------------|--------|------------------------------------------------------------------|------|------------------|------------------------|-----------------------------|------------------------------|
| Company                       | Ticker | Current 30-day average<br>of 30-year U.S.<br>Treasury bond yield | Beta | Market<br>Return | Market Risk<br>Premium | Cost of<br>Equity -<br>CAPM | Cost of<br>Equity -<br>ECAPM |
| Atmos Energy Corporation      | ATO    | 4.79%                                                            | 0.75 | 13.34%           | 8.55%                  | 11.20%                      | 11.74%                       |
| NiSource Inc.                 | NI     | 4.79%                                                            | 0.80 | 13.34%           | 8.55%                  | 11.63%                      | 12.06%                       |
| Northwest Natural Gas Company | NWN    | 4.79%                                                            | 0.75 | 13.34%           | 8.55%                  | 11.20%                      | 11.74%                       |
| ONE Gas, Inc.                 | OGS    | 4.79%                                                            | 0.75 | 13.34%           | 8.55%                  | 11.20%                      | 11.74%                       |
| Southwest Gas Corporation     | SWX    | 4.79%                                                            | 0.75 | 13.34%           | 8.55%                  | 11.20%                      | 11.74%                       |
| Mean                          |        |                                                                  |      |                  |                        | 11.29%                      | 11.80%                       |
| Median                        |        |                                                                  |      |                  |                        | 11.20%                      | 11.74%                       |

Notes:

[1] Bloomberg Professional 30-day average as of September 30, 2025

[2] Value Line

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])



**CAPITAL ASSET PRICING MODEL**  
**NEAR TERM PROJECTED RISK-FREE RATE AND VALUE LINE BETA**

|                               |        | [1]                                                                      | [2]  | [3]           | [4]                 | [5]                   | [6]                    |
|-------------------------------|--------|--------------------------------------------------------------------------|------|---------------|---------------------|-----------------------|------------------------|
| Company                       | Ticker | Near-term projected 30-year U.S. Treasury bond yield (Q1 2026 - Q1 2027) | Beta | Market Return | Market Risk Premium | Cost of Equity - CAPM | Cost of Equity - ECAPM |
| Atmos Energy Corporation      | ATO    | 4.62%                                                                    | 0.75 | 13.34%        | 8.72%               | 11.16%                | 11.71%                 |
| NiSource Inc.                 | NI     | 4.62%                                                                    | 0.80 | 13.34%        | 8.72%               | 11.60%                | 12.03%                 |
| Northwest Natural Gas Company | NWN    | 4.62%                                                                    | 0.75 | 13.34%        | 8.72%               | 11.16%                | 11.71%                 |
| ONE Gas, Inc.                 | OGS    | 4.62%                                                                    | 0.75 | 13.34%        | 8.72%               | 11.16%                | 11.71%                 |
| Southwest Gas Corporation     | SWX    | 4.62%                                                                    | 0.75 | 13.34%        | 8.72%               | 11.16%                | 11.71%                 |
| Mean                          |        |                                                                          |      |               |                     | 11.25%                | 11.77%                 |
| Median                        |        |                                                                          |      |               |                     | 11.16%                | 11.71%                 |

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 10, October 1, 2025, at 2

[2] Value Line

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL**  
**LONG-TERM PROJECTED RISK-FREE RATE AND VALUE LINE BETA**

|                               |        | [1]                                                            | [2]  | [3]              | [4]                    | [5]                         | [6]                          |
|-------------------------------|--------|----------------------------------------------------------------|------|------------------|------------------------|-----------------------------|------------------------------|
| Company                       | Ticker | Projected 30-year U.S.<br>Treasury bond yield<br>(2026 - 2030) | Beta | Market<br>Return | Market Risk<br>Premium | Cost of<br>Equity -<br>CAPM | Cost of<br>Equity -<br>ECAPM |
| Atmos Energy Corporation      | ATO    | 4.40%                                                          | 0.75 | 13.34%           | 8.94%                  | 11.11%                      | 11.67%                       |
| NiSource Inc.                 | NI     | 4.40%                                                          | 0.80 | 13.34%           | 8.94%                  | 11.55%                      | 12.00%                       |
| Northwest Natural Gas Company | NWN    | 4.40%                                                          | 0.75 | 13.34%           | 8.94%                  | 11.11%                      | 11.67%                       |
| ONE Gas, Inc.                 | OGS    | 4.40%                                                          | 0.75 | 13.34%           | 8.94%                  | 11.11%                      | 11.67%                       |
| Southwest Gas Corporation     | SWX    | 4.40%                                                          | 0.75 | 13.34%           | 8.94%                  | 11.11%                      | 11.67%                       |
| Mean                          |        |                                                                |      |                  |                        | 11.20%                      | 11.73%                       |
| Median                        |        |                                                                |      |                  |                        | 11.11%                      | 11.67%                       |

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 6, June 2, 2025, at 14

[2] Value Line

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL  
CURRENT RISK FREE RATE AND BLOOMBERG BETA**

|                               |        | [1]                                                              | [2]  | [3]              | [4]                    | [5]                         | [6]                          |
|-------------------------------|--------|------------------------------------------------------------------|------|------------------|------------------------|-----------------------------|------------------------------|
| Company                       | Ticker | Current 30-day average<br>of 30-year U.S.<br>Treasury bond yield | Beta | Market<br>Return | Market Risk<br>Premium | Cost of<br>Equity -<br>CAPM | Cost of<br>Equity -<br>ECAPM |
| Atmos Energy Corporation      | ATO    | 4.79%                                                            | 0.72 | 13.34%           | 8.55%                  | 10.95%                      | 11.55%                       |
| NiSource Inc.                 | NI     | 4.79%                                                            | 0.77 | 13.34%           | 8.55%                  | 11.35%                      | 11.85%                       |
| Northwest Natural Gas Company | NWN    | 4.79%                                                            | 0.67 | 13.34%           | 8.55%                  | 10.53%                      | 11.23%                       |
| ONE Gas, Inc.                 | OGS    | 4.79%                                                            | 0.74 | 13.34%           | 8.55%                  | 11.08%                      | 11.65%                       |
| Southwest Gas Corporation     | SWX    | 4.79%                                                            | 0.79 | 13.34%           | 8.55%                  | 11.58%                      | 12.02%                       |
| Mean                          |        |                                                                  |      |                  |                        | 11.10%                      | 11.66%                       |
| Median                        |        |                                                                  |      |                  |                        | 11.08%                      | 11.65%                       |

Notes:

[1] Bloomberg Professional 30-day average as of September 30, 2025

[2] Bloomberg Professional

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL**  
**NEAR TERM PROJECTED RISK-FREE RATE AND BLOOMBERG BETA**

|                               |        | [1]                                                                      | [2]  | [3]           | [4]                 | [5]                   | [6]                    |
|-------------------------------|--------|--------------------------------------------------------------------------|------|---------------|---------------------|-----------------------|------------------------|
| Company                       | Ticker | Near-term projected 30-year U.S. Treasury bond yield (Q1 2026 - Q1 2027) | Beta | Market Return | Market Risk Premium | Cost of Equity - CAPM | Cost of Equity - ECAPM |
| Atmos Energy Corporation      | ATO    | 4.62%                                                                    | 0.72 | 13.34%        | 8.72%               | 10.91%                | 11.51%                 |
| NiSource Inc.                 | NI     | 4.62%                                                                    | 0.77 | 13.34%        | 8.72%               | 11.31%                | 11.82%                 |
| Northwest Natural Gas Company | NWN    | 4.62%                                                                    | 0.67 | 13.34%        | 8.72%               | 10.47%                | 11.19%                 |
| ONE Gas, Inc.                 | OGS    | 4.62%                                                                    | 0.74 | 13.34%        | 8.72%               | 11.04%                | 11.61%                 |
| Southwest Gas Corporation     | SWX    | 4.62%                                                                    | 0.79 | 13.34%        | 8.72%               | 11.55%                | 12.00%                 |
| Mean                          |        |                                                                          |      |               |                     | 11.05%                | 11.63%                 |
| Median                        |        |                                                                          |      |               |                     | 11.04%                | 11.61%                 |

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 10, October 1, 2025, at 2

[2] Bloomberg Professional

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL**  
**LONG-TERM PROJECTED RISK-FREE RATE AND BLOOMBERG BETA**

|                               |        | [1]                                                            | [2]  | [3]              | [4]                    | [5]                         | [6]                          |
|-------------------------------|--------|----------------------------------------------------------------|------|------------------|------------------------|-----------------------------|------------------------------|
| Company                       | Ticker | Projected 30-year U.S.<br>Treasury bond yield<br>(2026 - 2030) | Beta | Market<br>Return | Market Risk<br>Premium | Cost of<br>Equity -<br>CAPM | Cost of<br>Equity -<br>ECAPM |
| Atmos Energy Corporation      | ATO    | 4.40%                                                          | 0.72 | 13.34%           | 8.94%                  | 10.84%                      | 11.47%                       |
| NiSource Inc.                 | NI     | 4.40%                                                          | 0.77 | 13.34%           | 8.94%                  | 11.26%                      | 11.78%                       |
| Northwest Natural Gas Company | NWN    | 4.40%                                                          | 0.67 | 13.34%           | 8.94%                  | 10.40%                      | 11.14%                       |
| ONE Gas, Inc.                 | OGS    | 4.40%                                                          | 0.74 | 13.34%           | 8.94%                  | 10.98%                      | 11.57%                       |
| Southwest Gas Corporation     | SWX    | 4.40%                                                          | 0.79 | 13.34%           | 8.94%                  | 11.50%                      | 11.96%                       |
| Mean                          |        |                                                                |      |                  |                        | 11.00%                      | 11.58%                       |
| Median                        |        |                                                                |      |                  |                        | 10.98%                      | 11.57%                       |

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 6, June 2, 2025, at 14

[2] Bloomberg Professional

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL  
CURRENT RISK FREE RATE AND LONG-TERM VALUE LINE BETA**

|                               |        | [1]                                                              | [2]  | [3]              | [4]                    | [5]                         | [6]                          |
|-------------------------------|--------|------------------------------------------------------------------|------|------------------|------------------------|-----------------------------|------------------------------|
| Company                       | Ticker | Current 30-day average<br>of 30-year U.S.<br>Treasury bond yield | Beta | Market<br>Return | Market Risk<br>Premium | Cost of<br>Equity -<br>CAPM | Cost of<br>Equity -<br>ECAPM |
| Atmos Energy Corporation      | ATO    | 4.79%                                                            | 0.76 | 13.34%           | 8.55%                  | 11.31%                      | 11.82%                       |
| NiSource Inc.                 | NI     | 4.79%                                                            | 0.78 | 13.34%           | 8.55%                  | 11.42%                      | 11.90%                       |
| Northwest Natural Gas Company | NWN    | 4.79%                                                            | 0.73 | 13.34%           | 8.55%                  | 10.99%                      | 11.58%                       |
| ONE Gas, Inc.                 | OGS    | 4.79%                                                            | 0.75 | 13.34%           | 8.55%                  | 11.20%                      | 11.74%                       |
| Southwest Gas Corporation     | SWX    | 4.79%                                                            | 0.84 | 13.34%           | 8.55%                  | 11.95%                      | 12.30%                       |
| Mean                          |        |                                                                  |      |                  |                        | 11.38%                      | 11.87%                       |
| Median                        |        |                                                                  |      |                  |                        | 11.31%                      | 11.82%                       |

Notes:

[1] Bloomberg Professional 30-day average as of September 30, 2025

[2] Source: LT Beta

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL**  
**NEAR-TERM PROJECTED RISK FREE RATE AND LONG-TERM VALUE LINE BETA**

|                               |        | [1]                                                                      | [2]  | [3]           | [4]                 | [5]                   | [6]                    |
|-------------------------------|--------|--------------------------------------------------------------------------|------|---------------|---------------------|-----------------------|------------------------|
| Company                       | Ticker | Near-term projected 30-year U.S. Treasury bond yield (Q1 2026 - Q1 2027) | Beta | Market Return | Market Risk Premium | Cost of Equity - CAPM | Cost of Equity - ECAPM |
| Atmos Energy Corporation      | ATO    | 4.62%                                                                    | 0.76 | 13.34%        | 8.72%               | 11.27%                | 11.79%                 |
| NiSource Inc.                 | NI     | 4.62%                                                                    | 0.78 | 13.34%        | 8.72%               | 11.38%                | 11.87%                 |
| Northwest Natural Gas Company | NWN    | 4.62%                                                                    | 0.73 | 13.34%        | 8.72%               | 10.94%                | 11.54%                 |
| ONE Gas, Inc.                 | OGS    | 4.62%                                                                    | 0.75 | 13.34%        | 8.72%               | 11.16%                | 11.71%                 |
| Southwest Gas Corporation     | SWX    | 4.62%                                                                    | 0.84 | 13.34%        | 8.72%               | 11.92%                | 12.28%                 |
| Mean                          |        |                                                                          |      |               |                     | 11.34%                | 11.84%                 |
| Median                        |        |                                                                          |      |               |                     | 11.27%                | 11.79%                 |

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 10, October 1, 2025, at 2

[2] Source: LT Beta

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL**  
**LONG-TERM PROJECTED RISK FREE RATE AND LONG-TERM VALUE LINE BETA**

|                               |        | [1]                                                            | [2]  | [3]              | [4]                    | [5]                         | [6]                          |
|-------------------------------|--------|----------------------------------------------------------------|------|------------------|------------------------|-----------------------------|------------------------------|
| Company                       | Ticker | Projected 30-year U.S.<br>Treasury bond yield<br>(2026 - 2030) | Beta | Market<br>Return | Market Risk<br>Premium | Cost of<br>Equity -<br>CAPM | Cost of<br>Equity -<br>ECAPM |
| Atmos Energy Corporation      | ATO    | 4.40%                                                          | 0.76 | 13.34%           | 8.94%                  | 11.22%                      | 11.75%                       |
| NiSource Inc.                 | NI     | 4.40%                                                          | 0.78 | 13.34%           | 8.94%                  | 11.33%                      | 11.83%                       |
| Northwest Natural Gas Company | NWN    | 4.40%                                                          | 0.73 | 13.34%           | 8.94%                  | 10.88%                      | 11.50%                       |
| ONE Gas, Inc.                 | OGS    | 4.40%                                                          | 0.75 | 13.34%           | 8.94%                  | 11.11%                      | 11.67%                       |
| Southwest Gas Corporation     | SWX    | 4.40%                                                          | 0.84 | 13.34%           | 8.94%                  | 11.89%                      | 12.25%                       |
| Mean                          |        |                                                                |      |                  |                        | 11.29%                      | 11.80%                       |
| Median                        |        |                                                                |      |                  |                        | 11.22%                      | 11.75%                       |

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 6, June 2, 2025, at 14

[2] Source: LT Beta

[3] Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])



**HISTORICAL VALUE LINE BETA**

|                               |        | [1]        | [2]        | [3]        | [4]        | [5]        | [6]        | [7]        | [8]        | [9]        | [10]       | [11]       | [12]       | [13]    |
|-------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------|
| Company                       | Ticker | 12/31/2013 | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | Average |
| Atmos Energy Corporation      | ATO    | 0.80       | 0.80       | 0.80       | 0.70       | 0.70       | 0.60       | 0.60       | 0.80       | 0.80       | 0.80       | 0.85       | 0.90       | 0.76    |
| NiSource Inc.                 | NI     | 0.85       | 0.85       | NMF        | NMF        | 0.60       | 0.50       | 0.55       | 0.85       | 0.85       | 0.85       | 0.90       | 0.95       | 0.78    |
| Northwest Natural Gas Company | NWN    | 0.65       | 0.70       | 0.65       | 0.65       | 0.70       | 0.60       | 0.60       | 0.80       | 0.85       | 0.80       | 0.80       | 0.90       | 0.73    |
| ONE Gas, Inc.                 | OGS    |            |            |            | 0.70       | 0.70       | 0.65       | 0.65       | 0.80       | 0.80       | 0.80       | 0.80       | 0.85       | 0.75    |
| Southwest Gas Corporation     | SWX    | 0.8        | 0.85       | 0.80       | 0.75       | 0.80       | 0.70       | 0.70       | 0.95       | 0.95       | 0.90       | 0.90       | 0.95       | 0.84    |
| Mean                          |        | 0.78       | 0.80       | 0.75       | 0.70       | 0.70       | 0.61       | 0.62       | 0.84       | 0.85       | 0.83       | 0.85       | 0.91       | 0.77    |

Notes:

- [1] Value Line, dated December 26, 2013.  
[2] Value Line, dated December 31, 2014.  
[3] Value Line, dated December 30, 2015.  
[4] Value Line, dated December 29, 2016.  
[5] Value Line, dated December 28, 2017.  
[6] Value Line, dated December 27, 2018.  
[7] Value Line, dated December 26, 2019.  
[8] Value Line, dated December 30, 2020.  
[9] Value Line, dated December 29, 2021.  
[10] Value Line, dated December 30, 2022.  
[11] Value Line, Dated December 29, 2023.  
[12] Value Line, Dated December 27, 2024.  
[13] Average of Cols. [1] through [12]

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

|                                              |        |
|----------------------------------------------|--------|
| [1] Estimate of the S&P 500 Dividend Yield   | 1.31%  |
| [2] Estimate of the S&P 500 Growth Rate      | 11.95% |
| [3] S&P 500 Estimated Required Market Return | 13.34% |

|                                      |        | [4]               | [5]      | [6]                      | [7]                | [8]                            | [9]                               | [10]                                  | [11]                                     |
|--------------------------------------|--------|-------------------|----------|--------------------------|--------------------|--------------------------------|-----------------------------------|---------------------------------------|------------------------------------------|
| Name                                 | Ticker | Shares<br>Outst'g | Price    | Market<br>Capitalization | Weight in<br>Index | Estimated<br>Dividend<br>Yield | Cap-Weighted<br>Dividend<br>Yield | Bloomberg<br>Long-Term<br>Growth Est. | Cap-Weighted<br>Long-Term<br>Growth Est. |
| LyondellBasell Industries NV         | LYB    | 321.648           | 49.04    | 15,773.64                |                    | 11.17%                         |                                   | -9.85%                                |                                          |
| American Express Co                  | AXP    | 695.882           | 332.16   | 231,144.24               | 0.56%              | 0.99%                          | 0.01%                             | 15.03%                                | 0.08%                                    |
| Verizon Communications Inc           | VZ     | 4216.325          | 43.95    | 185,307.48               | 0.45%              | 6.28%                          | 0.03%                             | 2.27%                                 | 0.01%                                    |
| Texas Pacific Land Corp              | TPL    | 22.979            | 933.64   | 21,454.50                |                    | 0.69%                          |                                   |                                       |                                          |
| Broadcom Inc                         | AVGO   | 4722.365          | 329.91   | 1,557,955.44             |                    | 0.72%                          |                                   | 40.05%                                |                                          |
| Boeing Co/The                        | BA     | 756.158           | 215.83   | 163,201.52               |                    |                                |                                   | 31.71%                                |                                          |
| Solventum Corp                       | SOLV   | 173.388           | 73       | 12,657.31                | 0.03%              |                                |                                   | 1.28%                                 | 0.00%                                    |
| Caterpillar Inc                      | CAT    | 468.479           | 477.15   | 223,534.72               | 0.54%              | 1.27%                          | 0.01%                             | 6.56%                                 | 0.04%                                    |
| JPMorgan Chase & Co                  | JPM    | 2749.754          | 315.43   | 867,354.86               | 2.11%              | 1.90%                          | 0.04%                             | 8.55%                                 | 0.18%                                    |
| Chevron Corp                         | CVX    | 2047.394          | 155.29   | 317,939.80               | 0.77%              | 4.40%                          | 0.03%                             | 15.39%                                | 0.12%                                    |
| Coca-Cola Co/The                     | KO     | 4303.667          | 66.32    | 285,419.21               | 0.69%              | 3.08%                          | 0.02%                             | 5.90%                                 | 0.04%                                    |
| AbbVie Inc                           | ABBV   | 1766.558          | 231.54   | 409,028.90               | 0.99%              | 2.83%                          | 0.03%                             | 13.98%                                | 0.14%                                    |
| Walt Disney Co/The                   | DIS    | 1797.934          | 114.5    | 205,863.42               | 0.50%              | 0.87%                          | 0.00%                             | 13.12%                                | 0.07%                                    |
| Corpay Inc                           | CPAY   | 70.614            | 288.06   | 20,341.18                | 0.05%              |                                |                                   | 12.12%                                | 0.01%                                    |
| Extra Space Storage Inc              | EXR    | 212.254           | 140.94   | 29,915.02                | 0.07%              | 4.60%                          | 0.00%                             | 3.14%                                 | 0.00%                                    |
| Exxon Mobil Corp                     | XOM    | 4263.247          | 112.75   | 480,681.10               | 1.17%              | 3.51%                          | 0.04%                             | 11.40%                                | 0.13%                                    |
| Phillips 66                          | PSX    | 404.124           | 136.02   | 54,968.98                |                    | 3.53%                          |                                   | 22.37%                                |                                          |
| General Electric Co                  | GE     | 1060.439          | 300.82   | 319,001.38               |                    | 0.48%                          |                                   | 20.51%                                |                                          |
| HP Inc                               | HPQ    | 934.702           | 27.23    | 25,451.93                |                    | 4.25%                          |                                   | -0.60%                                |                                          |
| Home Depot Inc/The                   | HD     | 995.387           | 405.19   | 403,320.72               | 0.98%              | 2.27%                          | 0.02%                             | 5.04%                                 | 0.05%                                    |
| Monolithic Power Systems Inc         | MPWR   | 47.892            | 920.64   | 44,091.29                |                    | 0.68%                          |                                   |                                       |                                          |
| International Business Machines Corp | IBM    | 931.519           | 282.16   | 262,837.47               | 0.64%              | 2.38%                          | 0.02%                             | 6.68%                                 | 0.04%                                    |
| Johnson & Johnson                    | JNJ    | 2408.339          | 185.42   | 446,554.19               | 1.09%              | 2.80%                          | 0.03%                             | 7.35%                                 | 0.08%                                    |
| Lululemon Athletica Inc              | LULU   | 113.468           | 177.93   | 20,189.38                | 0.05%              |                                |                                   | 1.24%                                 | 0.00%                                    |
| McDonald's Corp                      | MCD    | 713.604           | 303.89   | 216,857.25               | 0.53%              | 2.33%                          | 0.01%                             | 8.63%                                 | 0.05%                                    |
| Merck & Co Inc                       | MRK    | 2497.783          | 83.93    | 209,638.94               | 0.51%              | 3.86%                          | 0.02%                             | 15.57%                                | 0.08%                                    |
| 3M Co                                | MMM    | 532.630           | 155.18   | 82,653.48                | 0.20%              | 1.88%                          | 0.00%                             | 6.99%                                 | 0.01%                                    |
| American Water Works Co Inc          | AWK    | 203.197           | 139.19   | 28,283.01                | 0.07%              | 2.38%                          | 0.00%                             | 6.60%                                 | 0.00%                                    |
| Bank of America Corp                 | BAC    | 7406.947          | 51.59    | 382,124.41               |                    | 2.17%                          |                                   |                                       |                                          |
| Pfizer Inc                           | PFE    | 5685.551          | 25.48    | 144,867.83               | 0.35%              | 6.75%                          | 0.02%                             | 0.11%                                 | 0.00%                                    |
| Procter & Gamble Co/The              | PG     | 2340.485          | 153.65   | 359,615.56               | 0.87%              | 2.75%                          | 0.02%                             | 4.08%                                 | 0.04%                                    |
| AT&T Inc                             | T      | 7150.385          | 28.24    | 201,926.89               | 0.49%              | 3.93%                          | 0.02%                             | 4.63%                                 | 0.02%                                    |
| Travelers Cos Inc/The                | TRV    | 225.134           | 279.22   | 62,861.87                |                    | 1.58%                          |                                   | 54.50%                                |                                          |
| RTX Corp                             | RTX    | 1338.542          | 167.33   | 223,978.20               | 0.54%              | 1.63%                          | 0.01%                             | 7.41%                                 | 0.04%                                    |
| Analog Devices Inc                   | ADI    | 491.955           | 245.7    | 120,873.45               | 0.29%              | 1.61%                          | 0.00%                             | 17.18%                                | 0.05%                                    |
| Walmart Inc                          | WMT    | 7972.851          | 103.06   | 821,682.04               | 2.00%              | 0.91%                          | 0.02%                             | 8.46%                                 | 0.17%                                    |
| Cisco Systems Inc                    | CSCO   | 3953.197          | 68.42    | 270,477.74               | 0.66%              | 2.40%                          | 0.02%                             | 8.32%                                 | 0.05%                                    |
| Intel Corp                           | INTC   | 4651.583          | 33.55    | 156,060.61               | 0.38%              |                                |                                   | 9.28%                                 | 0.04%                                    |
| General Motors Co                    | GM     | 952.078           | 60.97    | 58,048.18                | 0.14%              | 0.98%                          | 0.00%                             | 6.04%                                 | 0.01%                                    |
| Microsoft Corp                       | MSFT   | 7433.166          | 517.95   | 3,850,008.53             | 9.36%              | 0.70%                          | 0.07%                             | 14.84%                                | 1.39%                                    |
| Dollar General Corp                  | DG     | 220.106           | 103.35   | 22,747.96                | 0.06%              | 2.28%                          | 0.00%                             | 5.24%                                 | 0.00%                                    |
| Cigna Group/The                      | CI     | 266.928           | 288.25   | 76,942.02                | 0.19%              | 2.10%                          | 0.00%                             | 10.86%                                | 0.02%                                    |
| Kinder Morgan Inc                    | KMI    | 2222.078          | 28.31    | 62,907.02                | 0.15%              | 4.13%                          | 0.01%                             | 8.46%                                 | 0.01%                                    |
| Citigroup Inc                        | C      | 1840.898          | 101.5    | 186,851.14               |                    | 2.36%                          |                                   | 25.65%                                |                                          |
| American International Group Inc     | AIG    | 554.004           | 78.54    | 43,511.46                | 0.11%              | 2.29%                          | 0.00%                             | 19.99%                                | 0.02%                                    |
| Altria Group Inc                     | MO     | 1679.891          | 66.06    | 110,973.60               | 0.27%              | 6.42%                          | 0.02%                             | 4.72%                                 | 0.01%                                    |
| HCA Healthcare Inc                   | HCA    | 233.994           | 426.2    | 99,728.03                | 0.24%              | 0.68%                          | 0.00%                             | 10.76%                                | 0.03%                                    |
| International Paper Co               | IP     | 527.982           | 46.4     | 24,498.37                |                    | 3.99%                          |                                   | 54.45%                                |                                          |
| Hewlett Packard Enterprise Co        | HPE    | 1319.450          | 24.56    | 32,405.69                | 0.08%              | 2.12%                          | 0.00%                             | 7.61%                                 | 0.01%                                    |
| Abbott Laboratories                  | ABT    | 1740.459          | 133.94   | 233,117.08               | 0.57%              | 1.76%                          | 0.01%                             | 9.97%                                 | 0.06%                                    |
| Aflac Inc                            | AFL    | 534.831           | 111.7    | 59,740.68                |                    | 2.08%                          |                                   | 25.77%                                |                                          |
| Air Products and Chemicals Inc       | APD    | 222.554           | 270.9299 | 60,296.44                | 0.15%              | 2.64%                          | 0.00%                             | 3.42%                                 | 0.01%                                    |
| Super Micro Computer Inc             | SMCI   | 594.273           | 47.94    | 28,489.46                | 0.07%              |                                |                                   | 19.06%                                | 0.01%                                    |
| Royal Caribbean Cruises Ltd          | RCL    | 271.628           | 323.58   | 87,893.28                |                    | 1.24%                          |                                   | 22.77%                                |                                          |
| Interactive Brokers Group Inc        | IBKR   | 445.247           | 68.81    | 30,637.44                | 0.07%              | 0.47%                          | 0.00%                             | 12.54%                                | 0.01%                                    |
| Lennox International Inc             | LII    | 35.124            | 529.36   | 18,593.39                |                    | 0.98%                          |                                   |                                       |                                          |
| Archer-Daniels-Midland Co            | ADM    | 480.464           | 59.74    | 28,702.95                | 0.07%              | 3.41%                          | 0.00%                             | 4.70%                                 | 0.00%                                    |
| EMCOR Group Inc                      | EME    | 44.764            | 649.54   | 29,076.17                |                    | 0.15%                          |                                   |                                       |                                          |
| Automatic Data Processing Inc        | ADP    | 405.090           | 293.5    | 118,893.77               |                    | 2.10%                          |                                   |                                       |                                          |
| Verisk Analytics Inc                 | VRSK   | 139.715           | 251.51   | 35,139.71                |                    | 0.72%                          |                                   |                                       |                                          |
| AutoZone Inc                         | AZO    | 16.729            | 4290.24  | 71,770.18                | 0.17%              |                                |                                   | 13.66%                                | 0.02%                                    |
| Linde PLC                            | LIN    | 468.910           | 475      | 222,732.03               | 0.54%              | 1.26%                          | 0.01%                             | 8.66%                                 | 0.05%                                    |
| Avery Dennison Corp                  | AVY    | 77.982            | 162.17   | 12,646.27                | 0.03%              | 2.32%                          | 0.00%                             | 6.84%                                 | 0.00%                                    |
| MSCI Inc                             | MSCI   | 77.365            | 567.41   | 43,897.81                |                    | 1.27%                          |                                   |                                       |                                          |
| Ball Corp                            | BALL   | 272.149           | 50.42    | 13,721.75                | 0.03%              | 1.59%                          | 0.00%                             | 12.27%                                | 0.00%                                    |
| Axon Enterprise Inc                  | AXON   | 78.504            | 717.64   | 56,337.93                |                    |                                |                                   | 28.56%                                |                                          |
| Dayforce Inc                         | DAY    | 158.006           | 68.89    | 10,885.07                |                    |                                |                                   |                                       |                                          |
| Carrier Global Corp                  | CARR   | 851.023           | 59.7     | 50,806.06                | 0.12%              | 1.51%                          | 0.00%                             | 11.41%                                | 0.01%                                    |

|                                        |       |          |        |            |       |       |       |        |       |
|----------------------------------------|-------|----------|--------|------------|-------|-------|-------|--------|-------|
| Bank of New York Mellon Corp/The       | BK    | 705.241  | 108.96 | 76,843.04  | 0.19% | 1.95% | 0.00% | 14.85% | 0.03% |
| Otis Worldwide Corp                    | OTIS  | 392.475  | 91.43  | 35,884.01  |       | 1.84% |       |        |       |
| Baxter International Inc               | BAX   | 513.621  | 22.77  | 11,695.15  | 0.03% | 2.99% | 0.00% | 12.49% | 0.00% |
| Becton Dickinson & Co                  | BDX   | 286.627  | 187.17 | 53,648.06  | 0.13% | 2.22% | 0.00% | 7.29%  | 0.01% |
| Berkshire Hathaway Inc                 | BRK/B | 1378.546 | 502.74 | 693,050.04 |       |       |       |        |       |
| Best Buy Co Inc                        | BBY   | 210.101  | 75.62  | 15,887.86  | 0.04% | 5.03% | 0.00% | 4.17%  | 0.00% |
| Boston Scientific Corp                 | BSX   | 1481.752 | 97.63  | 144,663.41 | 0.35% |       |       | 14.86% | 0.05% |
| Bristol-Myers Squibb Co                | BMY   | 2035.436 | 45.1   | 91,798.16  |       | 5.50% |       | 82.51% |       |
| Brown-Forman Corp                      | BF/B  | 303.609  | 27.08  | 8,221.73   | 0.02% | 3.35% | 0.00% | 2.43%  | 0.00% |
| Coterra Energy Inc                     | CTRA  | 763.140  | 23.65  | 18,048.26  |       | 3.72% |       | 30.08% |       |
| Hilton Worldwide Holdings Inc          | HLT   | 235.194  | 259.44 | 61,018.67  | 0.15% | 0.23% | 0.00% | 12.75% | 0.02% |
| Carnival Corp                          | CCL   | 1167.541 | 28.91  | 33,753.61  |       |       |       | 21.87% |       |
| Builders FirstSource Inc               | BLDR  | 110.547  | 121.25 | 13,403.82  |       |       |       | -4.21% |       |
| UDR Inc                                | UDR   | 331.347  | 37.26  | 12,346.00  | 0.03% | 4.62% | 0.00% | 1.33%  | 0.00% |
| Clorox Co/The                          | CLX   | 122.309  | 123.3  | 15,080.75  | 0.04% | 4.02% | 0.00% | 0.34%  | 0.00% |
| Paycom Software Inc                    | PAYC  | 57.877   | 208.14 | 12,046.48  | 0.03% | 0.72% | 0.00% | 9.16%  | 0.00% |
| CMS Energy Corp                        | CMS   | 299.335  | 73.26  | 21,929.32  | 0.05% | 2.96% | 0.00% | 7.51%  | 0.00% |
| Colgate-Palmolive Co                   | CL    | 808.221  | 79.94  | 64,609.17  | 0.16% | 2.60% | 0.00% | 4.85%  | 0.01% |
| EPAM Systems Inc                       | EPAM  | 55.697   | 150.79 | 8,398.54   |       |       |       |        |       |
| Conagra Brands Inc                     | CAG   | 479.050  | 18.31  | 8,771.40   |       | 7.65% |       | -7.51% |       |
| Airbnb Inc                             | ABNB  | 429.080  | 121.42 | 52,098.84  | 0.13% |       |       | 10.47% | 0.01% |
| Consolidated Edison Inc                | ED    | 360.652  | 100.52 | 36,252.71  | 0.09% | 3.38% | 0.00% | 5.20%  | 0.00% |
| Corning Inc                            | GLW   | 856.619  | 82.03  | 70,268.43  | 0.17% | 1.37% | 0.00% | 18.16% | 0.03% |
| GoDaddy Inc                            | GDDY  | 138.449  | 136.83 | 18,943.98  |       |       |       |        |       |
| Cummins Inc                            | CMI   | 137.786  | 422.37 | 58,196.69  | 0.14% | 1.89% | 0.00% | 10.71% | 0.02% |
| Danaher Corp                           | DHR   | 716.052  | 198.26 | 141,964.39 | 0.35% | 0.65% | 0.00% | 8.10%  | 0.03% |
| Target Corp                            | TGT   | 454.399  | 89.7   | 40,759.60  |       | 5.08% |       | -1.37% |       |
| Williams-Sonoma Inc                    | WSM   | 121.790  | 195.45 | 23,803.92  | 0.06% | 1.35% | 0.00% | 4.68%  | 0.00% |
| Deere & Co                             | DE    | 270.329  | 457.26 | 123,610.82 |       | 1.42% |       | -2.85% |       |
| Dominion Energy Inc                    | D     | 853.434  | 61.17  | 52,204.54  |       | 4.36% |       | 23.10% |       |
| Trade Desk Inc/The                     | TTD   | 445.667  | 49.01  | 21,842.14  | 0.05% |       |       | 15.53% | 0.01% |
| Dover Corp                             | DOV   | 137.134  | 166.83 | 22,878.14  | 0.06% | 1.25% | 0.00% | 11.53% | 0.01% |
| Alliant Energy Corp                    | LNT   | 256.969  | 67.41  | 17,322.30  | 0.04% | 3.01% | 0.00% | 6.09%  | 0.00% |
| Steel Dynamics Inc                     | STLD  | 147.205  | 139.43 | 20,524.74  | 0.05% | 1.43% | 0.00% | 13.77% | 0.01% |
| Duke Energy Corp                       | DUK   | 777.022  | 123.75 | 96,156.43  | 0.23% | 3.44% | 0.01% | 7.44%  | 0.02% |
| Regency Centers Corp                   | REG   | 181.553  | 72.9   | 13,235.24  | 0.03% | 3.87% | 0.00% | 5.02%  | 0.00% |
| Eaton Corp PLC                         | ETN   | 389.300  | 374.25 | 145,695.53 | 0.35% | 1.11% | 0.00% | 13.81% | 0.05% |
| Ecolab Inc                             | ECL   | 283.625  | 273.86 | 77,673.52  | 0.19% | 0.95% | 0.00% | 13.00% | 0.02% |
| Revvity Inc                            | RVTY  | 116.073  | 87.65  | 10,173.76  | 0.02% | 0.32% | 0.00% | 6.16%  | 0.00% |
| Dell Technologies Inc                  | DELL  | 336.905  | 141.77 | 47,762.97  | 0.12% | 1.48% | 0.00% | 16.92% | 0.02% |
| Emerson Electric Co                    | EMR   | 562.800  | 131.18 | 73,828.10  | 0.18% | 1.61% | 0.00% | 10.06% | 0.02% |
| EOG Resources Inc                      | EOG   | 545.993  | 112.12 | 61,216.78  |       | 3.64% |       |        |       |
| Aon PLC                                | AON   | 215.627  | 356.58 | 76,888.13  | 0.19% | 0.84% | 0.00% | 10.12% | 0.02% |
| Entergy Corp                           | ETR   | 446.409  | 93.19  | 41,600.86  | 0.10% | 2.58% | 0.00% | 5.80%  | 0.01% |
| Equifax Inc                            | EFX   | 123.797  | 256.53 | 31,757.74  | 0.08% | 0.78% | 0.00% | 10.18% | 0.01% |
| EQT Corp                               | EQT   | 624.064  | 54.43  | 33,967.83  |       | 1.16% |       | 41.56% |       |
| IQVIA Holdings Inc                     | IQV   | 170.000  | 189.94 | 32,289.80  | 0.08% |       |       | 8.97%  | 0.01% |
| Gartner Inc                            | IT    | 75.736   | 262.87 | 19,908.67  |       |       |       |        |       |
| FedEx Corp                             | FDX   | 235.955  | 235.81 | 55,640.66  | 0.14% | 2.46% | 0.00% | 9.05%  | 0.01% |
| Brown & Brown Inc                      | BRO   | 329.843  | 93.79  | 30,935.96  | 0.08% | 0.64% | 0.00% | 11.27% | 0.01% |
| Ford Motor Co                          | F     | 3909.008 | 11.96  | 46,751.74  |       | 5.02% |       | -1.10% |       |
| NextEra Energy Inc                     | NEE   | 2059.293 | 75.49  | 155,456.00 | 0.38% | 3.00% | 0.01% | 7.39%  | 0.03% |
| Franklin Resources Inc                 | BEN   | 519.195  | 23.13  | 12,008.99  |       | 5.53% |       | -0.14% |       |
| Garmin Ltd                             | GRMN  | 192.494  | 246.22 | 47,395.86  | 0.12% | 1.46% | 0.00% | 11.16% | 0.01% |
| Freeport-McMoRan Inc                   | FCX   | 1435.774 | 39.22  | 56,311.06  |       | 1.53% |       | 24.99% |       |
| Expand Energy Corp                     | EXE   | 238.146  | 106.24 | 25,300.60  |       | 5.52% |       |        |       |
| Dexcom Inc                             | DXCM  | 392.155  | 67.29  | 26,388.13  |       |       |       | 23.31% |       |
| General Dynamics Corp                  | GD    | 268.993  | 341    | 91,726.73  | 0.22% | 1.76% | 0.00% | 14.95% | 0.03% |
| General Mills Inc                      | GIS   | 533.416  | 50.42  | 26,894.86  |       | 4.84% |       | -2.94% |       |
| Genuine Parts Co                       | GPC   | 139.092  | 138.6  | 19,278.19  |       | 2.97% |       |        |       |
| Atmos Energy Corp                      | ATO   | 160.524  | 170.75 | 27,409.40  |       | 2.04% |       |        |       |
| WW Grainger Inc                        | GWV   | 47.832   | 952.96 | 45,582.21  | 0.11% | 0.95% | 0.00% | 4.41%  | 0.00% |
| Halliburton Co                         | HAL   | 852.602  | 24.6   | 20,974.01  |       | 2.76% |       |        |       |
| L3Harris Technologies Inc              | LHX   | 187.095  | 305.41 | 57,140.62  | 0.14% | 1.57% | 0.00% | 12.88% | 0.02% |
| Healthpeak Properties Inc              | DOC   | 694.923  | 19.15  | 13,307.78  | 0.03% | 6.37% | 0.00% | 4.24%  | 0.00% |
| Insulet Corp                           | PODD  | 70.393   | 308.73 | 21,732.29  |       |       |       | 25.99% |       |
| Fortive Corp                           | FTV   | 338.336  | 48.99  | 16,575.10  |       | 0.49% |       |        |       |
| Hershey Co/The                         | HSY   | 148.111  | 187.05 | 27,704.11  |       | 2.93% |       | -8.41% |       |
| Synchrony Financial                    | SYF   | 372.058  | 71.05  | 26,434.69  | 0.06% | 1.69% | 0.00% | 16.89% | 0.01% |
| Hormel Foods Corp                      | HRL   | 549.998  | 24.74  | 13,606.96  |       | 4.69% |       |        |       |
| Arthur J Gallagher & Co                | AJG   | 256.400  | 309.74 | 79,417.34  |       | 0.84% |       |        |       |
| Mondelez International Inc             | MDLZ  | 1293.945 | 62.47  | 80,832.77  | 0.20% | 3.20% | 0.01% | 1.85%  | 0.00% |
| CenterPoint Energy Inc                 | CNP   | 652.728  | 38.8   | 25,325.86  | 0.06% | 2.27% | 0.00% | 8.98%  | 0.01% |
| Humana Inc                             | HUM   | 120.272  | 260.17 | 31,291.12  | 0.08% | 1.36% | 0.00% | 14.02% | 0.01% |
| Willis Towers Watson PLC               | WTW   | 97.548   | 345.45 | 33,697.95  | 0.08% | 1.07% | 0.00% | 7.47%  | 0.01% |
| Illinois Tool Works Inc                | ITW   | 291.500  | 260.76 | 76,011.54  | 0.18% | 2.47% | 0.00% | 1.93%  | 0.00% |
| CDW Corp/DE                            | CDW   | 131.061  | 159.28 | 20,875.36  | 0.05% | 1.57% | 0.00% | 6.38%  | 0.00% |
| Trane Technologies PLC                 | TT    | 222.515  | 421.96 | 93,892.58  | 0.23% | 0.89% | 0.00% | 11.32% | 0.03% |
| Interpublic Group of Cos Inc/The       | IPG   | 366.266  | 27.91  | 10,222.49  | 0.02% | 4.73% | 0.00% | 9.40%  | 0.00% |
| International Flavors & Fragrances Inc | IFF   | 256.287  | 61.54  | 15,771.91  | 0.04% | 2.60% | 0.00% | 2.12%  | 0.00% |
| Generac Holdings Inc                   | GNRC  | 58.676   | 167.4  | 9,822.35   |       |       |       | 20.91% |       |
| NXP Semiconductors NV                  | NXPI  | 252.115  | 227.73 | 57,414.06  | 0.14% | 1.78% | 0.00% | 5.71%  | 0.01% |
| Kellanova                              | K     | 347.669  | 82.02  | 28,515.83  | 0.07% | 2.83% | 0.00% | 1.79%  | 0.00% |

|                                      |       |          |         |            |       |       |       |        |       |
|--------------------------------------|-------|----------|---------|------------|-------|-------|-------|--------|-------|
| Broadridge Financial Solutions Inc   | BR    | 117.129  | 238.17  | 27,896.69  |       | 1.64% |       |        |       |
| Kimco Realty Corp                    | KIM   | 679.499  | 21.85   | 14,847.05  | 0.04% | 4.58% | 0.00% | 3.88%  | 0.00% |
| Oracle Corp                          | ORCL  | 2850.793 | 281.24  | 801,756.91 | 1.95% | 0.71% | 0.01% | 18.09% | 0.35% |
| Kroger Co/The                        | KR    | 662.678  | 67.41   | 44,671.14  | 0.11% | 2.08% | 0.00% | 6.37%  | 0.01% |
| Lennar Corp                          | LEN   | 227.602  | 126.04  | 28,686.91  |       | 1.59% |       | -9.37% |       |
| Eli Lilly & Co                       | LLY   | 946.457  | 763     | 722,146.51 | 1.76% | 0.79% | 0.01% | 18.00% | 0.32% |
| Charter Communications Inc           | CHTR  | 136.591  | 275.105 | 37,576.86  | 0.09% |       |       | 10.93% | 0.01% |
| Loews Corp                           | L     | 207.426  | 100.39  | 20,823.54  |       | 0.25% |       |        |       |
| Lowe's Cos Inc                       | LOW   | 560.825  | 251.31  | 140,940.91 | 0.34% | 1.91% | 0.01% | 6.54%  | 0.02% |
| Hubbell Inc                          | HUBB  | 53.140   | 430.31  | 22,866.68  |       | 1.23% |       |        |       |
| IDEX Corp                            | IEX   | 75.287   | 162.76  | 12,253.76  |       | 1.74% |       |        |       |
| Marsh & McLennan Cos Inc             | MMC   | 491.624  | 201.53  | 99,076.99  | 0.24% | 1.79% | 0.00% | 8.31%  | 0.02% |
| Masco Corp                           | MAS   | 209.364  | 70.39   | 14,737.11  | 0.04% | 1.76% | 0.00% | 6.47%  | 0.00% |
| S&P Global Inc                       | SPGI  | 312.500  | 486.71  | 152,096.88 |       | 0.79% |       |        |       |
| Medtronic PLC                        | MDT   | 1282.686 | 95.24   | 122,163.00 | 0.30% | 2.98% | 0.01% | 5.90%  | 0.02% |
| Viatis Inc                           | VTRS  | 1165.872 | 9.9     | 11,542.13  |       | 4.85% |       | -2.32% |       |
| CVS Health Corp                      | CVS   | 1268.326 | 75.39   | 95,619.13  | 0.23% | 3.53% | 0.01% | 6.43%  | 0.01% |
| DuPont de Nemours Inc                | DD    | 418.717  | 77.9    | 32,618.03  | 0.08% | 2.11% | 0.00% | 6.31%  | 0.01% |
| Micron Technology Inc                | MU    | 1119.125 | 167.32  | 187,252.01 |       | 0.27% |       | 28.55% |       |
| Motorola Solutions Inc               | MSI   | 166.604  | 457.29  | 76,186.29  | 0.19% | 0.95% | 0.00% | 8.26%  | 0.02% |
| Cboe Global Markets Inc              | CBOE  | 104.590  | 245.25  | 25,650.73  | 0.06% | 1.17% | 0.00% | 13.77% | 0.01% |
| Newmont Corp                         | NEM   | 1098.450 | 84.31   | 92,610.30  | 0.23% | 1.19% | 0.00% | 16.41% | 0.04% |
| NIKE Inc                             | NKE   | 1188.016 | 69.73   | 82,840.34  | 0.20% | 2.29% | 0.00% | 19.22% | 0.04% |
| NiSource Inc                         | NI    | 470.855  | 43.3    | 20,388.02  |       | 2.59% |       |        |       |
| Norfolk Southern Corp                | NSC   | 224.615  | 300.41  | 67,476.56  |       | 1.80% |       |        |       |
| Principal Financial Group Inc        | PFJ   | 222.768  | 82.91   | 18,469.73  | 0.04% | 3.76% | 0.00% | 12.73% | 0.01% |
| Eversource Energy                    | ES    | 371.115  | 71.14   | 26,401.13  | 0.06% | 4.23% | 0.00% | 4.40%  | 0.00% |
| Northrop Grumman Corp                | NOC   | 143.183  | 609.32  | 87,244.25  | 0.21% | 1.52% | 0.00% | 4.95%  | 0.01% |
| Wells Fargo & Co                     | WFC   | 3203.441 | 83.82   | 268,512.44 | 0.65% | 2.15% | 0.01% | 14.00% | 0.09% |
| Nucor Corp                           | NUE   | 229.535  | 135.43  | 31,085.99  | 0.08% | 1.62% | 0.00% | 18.58% | 0.01% |
| Occidental Petroleum Corp            | OXY   | 984.440  | 47.25   | 46,514.78  |       | 2.03% |       |        |       |
| Omnicom Group Inc                    | OMC   | 193.723  | 81.53   | 15,794.23  | 0.04% | 3.43% | 0.00% | 7.99%  | 0.00% |
| ONEOK Inc                            | OKE   | 629.756  | 72.97   | 45,953.29  | 0.11% | 5.65% | 0.01% | 8.97%  | 0.01% |
| Raymond James Financial Inc          | RJF   | 199.384  | 172.1   | 34,313.98  | 0.08% | 1.16% | 0.00% | 11.82% | 0.01% |
| PG&E Corp                            | PCG   | 2197.837 | 15.08   | 33,143.39  | 0.08% | 0.66% | 0.00% | 8.91%  | 0.01% |
| Parker-Hannifin Corp                 | PH    | 126.544  | 758.15  | 95,939.39  | 0.23% | 0.95% | 0.00% | 7.61%  | 0.02% |
| Rollins Inc                          | ROL   | 484.640  | 58.74   | 28,467.75  |       | 1.12% |       |        |       |
| PPL Corp                             | PPL   | 739.515  | 37.16   | 27,480.39  | 0.07% | 2.93% | 0.00% | 7.34%  | 0.00% |
| Aptiv PLC                            | APTIV | 217.760  | 86.22   | 18,775.25  | 0.05% |       |       | 16.62% | 0.01% |
| ConocoPhillips                       | COP   | 1248.942 | 94.59   | 118,137.45 |       | 3.30% |       |        |       |
| PulteGroup Inc                       | PHM   | 197.298  | 132.13  | 26,068.93  |       | 0.67% |       | -2.19% |       |
| Pinnacle West Capital Corp           | PNW   | 119.427  | 89.66   | 10,707.85  |       | 3.99% |       |        |       |
| PNC Financial Services Group Inc/The | PNC   | 393.807  | 200.93  | 79,127.72  | 0.19% | 3.38% | 0.01% | 10.42% | 0.02% |
| PPG Industries Inc                   | PPG   | 225.700  | 105.11  | 23,723.33  | 0.06% | 2.70% | 0.00% | 6.81%  | 0.00% |
| DoorDash Inc                         | DASH  | 398.681  | 271.99  | 108,437.11 |       |       |       |        |       |
| Progressive Corp/The                 | PGR   | 586.208  | 246.95  | 144,764.19 |       | 0.16% |       | 50.71% |       |
| Veralto Corp                         | VLTO  | 248.161  | 106.61  | 26,456.43  |       | 0.41% |       |        |       |
| Public Service Enterprise Group Inc  | PEG   | 499.080  | 83.46   | 41,653.20  | 0.10% | 3.02% | 0.00% | 8.76%  | 0.01% |
| Cooper Cos Inc/The                   | COO   | 198.809  | 68.56   | 13,630.34  | 0.03% |       |       | 9.31%  | 0.00% |
| Edison International                 | EIX   | 384.834  | 55.28   | 21,273.62  | 0.05% | 5.99% | 0.00% | 9.60%  | 0.00% |
| Schlumberger NV                      | SLB   | 1493.879 | 34.37   | 51,344.62  |       | 3.32% |       | -4.18% |       |
| Charles Schwab Corp/The              | SCHW  | 1815.219 | 95.47   | 173,298.99 | 0.42% | 1.13% | 0.00% | 19.98% | 0.08% |
| Sherwin-Williams Co/The              | SHW   | 249.333  | 346.26  | 86,334.16  | 0.21% | 0.91% | 0.00% | 6.92%  | 0.01% |
| West Pharmaceutical Services Inc     | WST   | 71.907   | 262.33  | 18,863.45  | 0.05% | 0.34% | 0.00% | 8.04%  | 0.00% |
| J M Smucker Co/The                   | SJM   | 106.685  | 108.6   | 11,586.01  | 0.03% | 4.05% | 0.00% | 1.56%  | 0.00% |
| Snap-on Inc                          | SNA   | 52.163   | 346.53  | 18,076.17  | 0.04% | 2.47% | 0.00% | 4.10%  | 0.00% |
| AMETEK Inc                           | AME   | 230.954  | 188     | 43,419.34  | 0.11% | 0.66% | 0.00% | 9.13%  | 0.01% |
| Uber Technologies Inc                | UBER  | 2085.419 | 97.97   | 204,308.47 |       |       |       | -3.85% |       |
| Southern Co/The                      | SO    | 1100.194 | 94.77   | 104,265.35 | 0.25% | 3.12% | 0.01% | 6.75%  | 0.02% |
| Truist Financial Corp                | TFC   | 1289.435 | 45.72   | 58,952.98  | 0.14% | 4.55% | 0.01% | 9.19%  | 0.01% |
| Southwest Airlines Co                | LUV   | 525.188  | 31.91   | 16,758.74  |       | 2.26% |       | 58.26% |       |
| W R Berkley Corp                     | WRB   | 379.293  | 76.62   | 29,061.41  | 0.07% | 0.47% | 0.00% | 6.85%  | 0.00% |
| Stanley Black & Decker Inc           | SWK   | 154.792  | 74.33   | 11,505.71  |       | 4.47% |       |        |       |
| Public Storage                       | PSA   | 175.453  | 288.85  | 50,679.56  | 0.12% | 4.15% | 0.01% | 2.40%  | 0.00% |
| Arista Networks Inc                  | ANET  | 1256.865 | 145.71  | 183,137.85 | 0.45% |       |       | 18.74% | 0.08% |
| Sysco Corp                           | SY    | 478.212  | 82.34   | 39,376.01  |       | 2.62% |       |        |       |
| Corteva Inc                          | CTVA  | 683.015  | 67.63   | 46,192.28  | 0.11% | 1.06% | 0.00% | 16.37% | 0.02% |
| Texas Instruments Inc                | TXN   | 909.137  | 183.73  | 167,035.77 | 0.41% | 3.09% | 0.01% | 11.04% | 0.04% |
| Textron Inc                          | TXT   | 178.205  | 84.49   | 15,056.57  | 0.04% | 0.09% | 0.00% | 10.03% | 0.00% |
| Thermo Fisher Scientific Inc         | TMO   | 377.612  | 485.02  | 183,149.43 | 0.45% | 0.35% | 0.00% | 7.56%  | 0.03% |
| TJX Cos Inc/The                      | TJX   | 1112.939 | 144.54  | 160,864.17 | 0.39% | 1.18% | 0.00% | 8.43%  | 0.03% |
| Globe Life Inc                       | GL    | 81.004   | 142.97  | 11,581.08  |       | 0.76% |       |        |       |
| Johnson Controls International plc   | JCI   | 654.385  | 109.95  | 71,949.68  | 0.17% | 1.46% | 0.00% | 15.92% | 0.03% |
| Ulta Beauty Inc                      | ULTA  | 44.838   | 546.75  | 24,515.37  | 0.06% |       |       | 4.39%  | 0.00% |
| Union Pacific Corp                   | UNP   | 593.044  | 236.37  | 140,177.73 | 0.34% | 2.34% | 0.01% | 7.79%  | 0.03% |
| Keysight Technologies Inc            | KEYS  | 171.856  | 174.92  | 30,061.10  | 0.07% |       |       | 12.93% | 0.01% |
| UnitedHealth Group Inc               | UNH   | 905.674  | 345.3   | 312,729.10 | 0.76% | 2.56% | 0.02% | 14.00% | 0.11% |
| Blackstone Inc                       | BX    | 737.092  | 170.85  | 125,932.11 |       | 2.41% |       | 24.34% |       |
| Ventas Inc                           | VTR   | 454.471  | 69.99   | 31,808.44  | 0.08% | 2.74% | 0.00% | 9.69%  | 0.01% |
| Labcorp Holdings Inc                 | LH    | 83.100   | 287.06  | 23,854.69  | 0.06% | 1.00% | 0.00% | 8.77%  | 0.01% |
| Vulcan Materials Co                  | VMC   | 132.124  | 307.62  | 40,644.03  | 0.10% | 0.64% | 0.00% | 14.51% | 0.01% |
| Weyerhaeuser Co                      | WY    | 721.511  | 24.79   | 17,886.26  |       | 3.39% |       | -8.95% |       |
| Williams Cos Inc/The                 | WMB   | 1221.177 | 63.35   | 77,361.59  |       | 3.16% |       | 22.27% |       |



|                                            |       |           |          |              |       |       |       |        |       |
|--------------------------------------------|-------|-----------|----------|--------------|-------|-------|-------|--------|-------|
| Constellation Energy Corp                  | CEG   | 312.406   | 329.07   | 102,803.30   | 0.25% | 0.47% | 0.00% | 16.22% | 0.04% |
| AppLovin Corp                              | APP   | 307.636   | 718.54   | 221,049.04   |       |       |       | 80.10% |       |
| WEC Energy Group Inc                       | WEC   | 321.866   | 114.59   | 36,882.67    | 0.09% | 3.12% | 0.00% | 7.65%  | 0.01% |
| Adobe Inc                                  | ADBE  | 418.600   | 352.75   | 147,661.15   | 0.36% |       |       | 14.13% | 0.05% |
| Vistra Corp                                | VST   | 338.820   | 195.92   | 66,381.68    | 0.16% | 0.46% | 0.00% | 10.35% | 0.02% |
| AES Corp/The                               | AES   | 712.050   | 13.16    | 9,370.57     | 0.02% | 5.35% | 0.00% | 11.17% | 0.00% |
| Expeditors International of Washington Inc | EXPD  | 135.719   | 122.59   | 16,637.73    | 0.04% | 1.26% | 0.00% | 4.89%  | 0.00% |
| Amgen Inc                                  | AMGN  | 538.362   | 282.2    | 151,925.71   | 0.37% | 3.37% | 0.01% | 5.37%  | 0.02% |
| Apple Inc                                  | AAPL  | 14840.390 | 254.63   | 3,778,808.51 | 9.19% | 0.41% | 0.04% | 14.26% | 1.31% |
| Autodesk Inc                               | ADSK  | 213.000   | 317.67   | 67,663.71    | 0.16% |       |       | 15.08% | 0.02% |
| Cintas Corp                                | CTAS  | 404.391   | 205.26   | 83,005.39    |       | 0.88% |       |        |       |
| Comcast Corp                               | CMCSA | 3682.762  | 31.09    | 114,497.07   | 0.28% | 4.25% | 0.01% | 1.88%  | 0.01% |
| Molson Coors Beverage Co                   | TAP   | 185.388   | 45.25    | 8,388.79     | 0.02% | 4.15% | 0.00% | 0.78%  | 0.00% |
| KLA Corp                                   | KLAC  | 131.685   | 1078.6   | 142,034.93   | 0.35% | 0.70% | 0.00% | 10.30% | 0.04% |
| Marriott International Inc/MD              | MAR   | 271.458   | 260.44   | 70,698.48    | 0.17% | 1.03% | 0.00% | 10.15% | 0.02% |
| Fiserv Inc                                 | FI    | 543.593   | 128.93   | 70,085.47    |       |       |       |        |       |
| McCormick & Co Inc/MD                      | MKC   | 253.041   | 66.91    | 16,930.99    | 0.04% | 2.69% | 0.00% | 6.37%  | 0.00% |
| PACCAR Inc                                 | PCAR  | 525.103   | 98.32    | 51,628.17    |       | 1.34% |       | -3.95% |       |
| Costco Wholesale Corp                      | COST  | 443.477   | 925.63   | 410,495.70   | 1.00% | 0.56% | 0.01% | 6.75%  | 0.07% |
| Stryker Corp                               | SYK   | 382.307   | 369.67   | 141,327.54   | 0.34% | 0.91% | 0.00% | 10.57% | 0.04% |
| Tyson Foods Inc                            | TSN   | 285.760   | 54.3     | 15,516.79    | 0.04% | 3.68% | 0.00% | 18.82% | 0.01% |
| Lamb Weston Holdings Inc                   | LW    | 139.352   | 58.08    | 8,093.59     |       | 2.55% |       | -2.55% |       |
| Applied Materials Inc                      | AMAT  | 796.642   | 204.74   | 163,104.57   | 0.40% | 0.90% | 0.00% | 7.67%  | 0.03% |
| Cardinal Health Inc                        | CAH   | 237.583   | 156.4493 | 37,169.64    | 0.09% | 1.31% | 0.00% | 13.03% | 0.01% |
| Cincinnati Financial Corp                  | CINF  | 156.376   | 158.1    | 24,723.11    | 0.06% | 2.20% | 0.00% | 3.48%  | 0.00% |
| DR Horton Inc                              | DHI   | 298.124   | 169.47   | 50,522.99    | 0.12% | 0.94% | 0.00% | 0.38%  | 0.00% |
| Electronic Arts Inc                        | EA    | 250.207   | 201.7    | 50,466.81    | 0.12% | 0.38% | 0.00% | 10.70% | 0.01% |
| Erie Indemnity Co                          | ERIE  | 46.189    | 318.16   | 14,695.51    |       | 1.72% |       |        |       |
| Fair Isaac Corp                            | FICO  | 24.004    | 1496.53  | 35,922.20    |       |       |       |        |       |
| Fastenal Co                                | FAST  | 1147.637  | 49.04    | 56,280.10    | 0.14% | 1.79% | 0.00% | 11.06% | 0.02% |
| M&T Bank Corp                              | MTB   | 156.269   | 197.62   | 30,881.94    | 0.08% | 3.04% | 0.00% | 12.35% | 0.01% |
| Xcel Energy Inc                            | XEL   | 591.426   | 80.65    | 47,698.52    | 0.12% | 2.83% | 0.00% | 8.88%  | 0.01% |
| Fifth Third Bancorp                        | FITB  | 661.887   | 44.55    | 29,487.08    |       | 3.59% |       |        |       |
| Gilead Sciences Inc                        | GILD  | 1240.807  | 111      | 137,729.57   |       | 2.85% |       | 29.15% |       |
| Hasbro Inc                                 | HAS   | 140.233   | 75.85    | 10,636.64    | 0.03% | 3.69% | 0.00% | 15.87% | 0.00% |
| Huntington Bancshares Inc/OH               | HBAN  | 1458.800  | 17.27    | 25,193.48    | 0.06% | 3.59% | 0.00% | 14.17% | 0.01% |
| Welltower Inc                              | WELL  | 668.826   | 178.14   | 119,144.65   | 0.29% | 1.66% | 0.00% | 17.51% | 0.05% |
| Biogen Inc                                 | BIIB  | 146.615   | 140.08   | 20,537.77    | 0.05% |       |       | 0.90%  | 0.00% |
| Northern Trust Corp                        | NTRS  | 191.233   | 134.6    | 25,740.00    | 0.06% | 2.38% | 0.00% | 9.85%  | 0.01% |
| Packaging Corp of America                  | PKG   | 89.979    | 217.93   | 19,609.08    | 0.05% | 2.29% | 0.00% | 11.26% | 0.01% |
| Paychex Inc                                | PAYX  | 359.894   | 126.76   | 45,620.18    |       | 3.41% |       |        |       |
| QUALCOMM Inc                               | QCOM  | 1079.000  | 166.36   | 179,502.44   | 0.44% | 2.14% | 0.01% | 7.74%  | 0.03% |
| Ross Stores Inc                            | ROST  | 325.226   | 152.39   | 49,561.23    | 0.12% | 1.06% | 0.00% | 5.82%  | 0.01% |
| IDEXX Laboratories Inc                     | IDXX  | 80.005    | 638.89   | 51,114.20    | 0.12% |       |       | 13.50% | 0.02% |
| Starbucks Corp                             | SBUX  | 1136.700  | 84.6     | 96,164.82    |       | 2.88% |       | -0.30% |       |
| KeyCorp                                    | KEY   | 1096.516  | 18.69    | 20,493.88    | 0.05% | 4.39% | 0.00% | 19.79% | 0.01% |
| Fox Corp                                   | FOXA  | 210.519   | 63.06    | 13,275.36    |       | 0.89% |       | -1.49% |       |
| Fox Corp                                   | FOX   | 235.581   | 57.29    | 13,496.44    |       | 0.98% |       | -1.49% |       |
| State Street Corp                          | STT   | 283.695   | 115.17   | 32,673.19    | 0.08% | 2.92% | 0.00% | 12.69% | 0.01% |
| Norwegian Cruise Line Holdings Ltd         | NCLH  | 455.251   | 24.63    | 11,212.83    | 0.03% |       |       | 16.72% | 0.00% |
| US Bancorp                                 | USB   | 1556.189  | 48.33    | 75,210.64    | 0.18% | 4.30% | 0.01% | 9.63%  | 0.02% |
| A O Smith Corp                             | AOS   | 114.260   | 73.41    | 8,387.79     |       | 1.85% |       |        |       |
| Gen Digital Inc                            | GEN   | 615.869   | 28.39    | 17,484.52    | 0.04% | 1.76% | 0.00% | 13.08% | 0.01% |
| T Rowe Price Group Inc                     | TROW  | 219.715   | 102.64   | 22,551.57    |       | 4.95% |       | -0.94% |       |
| Waste Management Inc                       | WM    | 402.830   | 220.83   | 88,957.02    | 0.22% | 1.49% | 0.00% | 11.23% | 0.02% |
| Constellation Brands Inc                   | STZ   | 176.266   | 134.67   | 23,737.77    |       | 3.03% |       | -2.05% |       |
| Invesco Ltd                                | IVZ   | 445.964   | 22.94    | 10,230.41    | 0.02% | 3.66% | 0.00% | 14.17% | 0.00% |
| Intuit Inc                                 | INTU  | 278.805   | 682.91   | 190,398.72   |       | 0.70% |       |        |       |
| Morgan Stanley                             | MS    | 1596.336  | 158.96   | 253,753.53   | 0.62% | 2.52% | 0.02% | 10.15% | 0.06% |
| Microchip Technology Inc                   | MCHP  | 539.680   | 64.22    | 34,658.23    |       | 2.83% |       | 29.58% |       |
| Crowdstrike Holdings Inc                   | CRWD  | 250.955   | 490.38   | 123,063.38   | 0.30% |       |       | 17.74% | 0.05% |
| Chubb Ltd                                  | CB    | 398.690   | 282.25   | 112,530.33   | 0.27% | 1.37% | 0.00% | 4.11%  | 0.01% |
| Hologic Inc                                | HOLX  | 222.419   | 67.49    | 15,011.08    | 0.04% |       |       | 7.67%  | 0.00% |
| Citizens Financial Group Inc               | CFG   | 431.349   | 53.16    | 22,930.51    |       | 3.16% |       | 24.02% |       |
| Jabil Inc                                  | JBL   | 107.319   | 217.17   | 23,306.43    | 0.06% | 0.15% | 0.00% | 13.93% | 0.01% |
| O'Reilly Automotive Inc                    | ORLY  | 848.497   | 107.81   | 91,476.43    | 0.22% |       |       | 10.54% | 0.02% |
| Allstate Corp/The                          | ALL   | 263.505   | 214.65   | 56,561.42    |       | 1.86% |       | 20.50% |       |
| Equity Residential                         | EQR   | 381.898   | 64.73    | 24,720.26    | 0.06% | 4.28% | 0.00% | 3.64%  | 0.00% |
| Keurig Dr Pepper Inc                       | KDP   | 1358.435  | 25.51    | 34,653.68    | 0.08% | 3.61% | 0.00% | 6.51%  | 0.01% |
| Host Hotels & Resorts Inc                  | HST   | 687.543   | 17.02    | 11,701.98    |       | 4.70% |       | -0.96% |       |
| Incyte Corp                                | INCY  | 195.276   | 84.81    | 16,561.37    |       |       |       | 25.00% |       |
| Simon Property Group Inc                   | SPG   | 326.485   | 187.67   | 61,271.39    | 0.15% | 4.58% | 0.01% | 1.32%  | 0.00% |
| Eastman Chemical Co                        | EMN   | 114.832   | 63.05    | 7,240.18     |       | 5.27% |       |        |       |
| AvalonBay Communities Inc                  | AVB   | 142.383   | 193.17   | 27,504.13    | 0.07% | 3.62% | 0.00% | 5.18%  | 0.00% |
| Prudential Financial Inc                   | PRU   | 352.000   | 103.74   | 36,516.48    | 0.09% | 5.21% | 0.00% | 8.23%  | 0.01% |
| United Parcel Service Inc                  | UPS   | 736.043   | 83.53    | 61,481.66    |       | 7.85% |       | -0.74% |       |
| STERIS PLC                                 | STE   | 98.491    | 247.44   | 24,370.52    |       | 1.02% |       |        |       |
| McKesson Corp                              | MCK   | 124.384   | 772.54   | 96,091.92    | 0.23% | 0.42% | 0.00% | 13.50% | 0.03% |
| Lockheed Martin Corp                       | LMT   | 233.465   | 499.21   | 116,548.09   | 0.28% | 2.64% | 0.01% | 11.53% | 0.03% |
| Cencora Inc                                | COR   | 193.878   | 312.53   | 60,592.65    | 0.15% | 0.70% | 0.00% | 10.33% | 0.02% |
| Capital One Financial Corp                 | COF   | 639.517   | 212.58   | 135,948.59   |       | 1.13% |       | 22.86% |       |
| Campbell's Company/The                     | CPB   | 297.993   | 31.58    | 9,410.60     |       | 4.94% |       | -2.52% |       |
| Waters Corp                                | WAT   | 59.524    | 299.81   | 17,845.93    | 0.04% |       |       | 9.42%  | 0.00% |

|                                              |       |           |          |              |       |       |       |        |       |
|----------------------------------------------|-------|-----------|----------|--------------|-------|-------|-------|--------|-------|
| Nordson Corp                                 | NDSN  | 56.186    | 226.95   | 12,751.48    |       | 1.45% |       |        |       |
| Dollar Tree Inc                              | DLTR  | 203.968   | 94.37    | 19,248.45    | 0.05% |       |       | 9.96%  | 0.00% |
| Darden Restaurants Inc                       | DRI   | 116.314   | 190.36   | 22,141.49    | 0.05% | 3.15% | 0.00% | 10.59% | 0.01% |
| Evergy Inc                                   | EVRG  | 229.746   | 76.02    | 17,465.29    | 0.04% | 3.51% | 0.00% | 5.78%  | 0.00% |
| Match Group Inc                              | MTCH  | 240.622   | 35.32    | 8,498.77     | 0.02% | 2.15% | 0.00% | 16.37% | 0.00% |
| NVR Inc                                      | NVR   | 2.870     | 8034.66  | 23,057.87    | 0.06% |       |       | 1.72%  | 0.00% |
| NetApp Inc                                   | NTAP  | 199.618   | 118.46   | 23,646.79    | 0.06% | 1.76% | 0.00% | 7.34%  | 0.00% |
| Old Dominion Freight Line Inc                | ODFL  | 210.168   | 140.78   | 29,587.47    | 0.07% | 0.80% | 0.00% | 5.03%  | 0.00% |
| DaVita Inc                                   | DVA   | 71.500    | 132.87   | 9,500.21     | 0.02% |       |       | 10.59% | 0.00% |
| Hartford Insurance Group Inc/The             | HIG   | 281.172   | 133.39   | 37,505.49    | 0.09% | 1.56% | 0.00% | 8.89%  | 0.01% |
| Iron Mountain Inc                            | IRM   | 295.348   | 101.94   | 30,107.80    |       | 3.08% |       |        |       |
| Estee Lauder Cos Inc/The                     | EL    | 234.815   | 88.12    | 20,691.90    |       | 1.59% |       |        |       |
| Cadence Design Systems Inc                   | CDNS  | 272.490   | 351.26   | 95,714.84    | 0.23% |       |       | 14.66% | 0.03% |
| Tyler Technologies Inc                       | TYL   | 43.262    | 523.16   | 22,632.85    |       |       |       |        |       |
| Universal Health Services Inc                | UHS   | 56.388    | 204.44   | 11,527.96    | 0.03% | 0.39% | 0.00% | 10.17% | 0.00% |
| Skyworks Solutions Inc                       | SKWS  | 148.428   | 76.98    | 11,425.95    |       | 3.69% |       | -9.02% |       |
| Quest Diagnostics Inc                        | DGX   | 111.823   | 190.58   | 21,311.31    | 0.05% | 1.68% | 0.00% | 1.06%  | 0.00% |
| Rockwell Automation Inc                      | ROK   | 112.434   | 349.53   | 39,299.20    | 0.10% | 1.50% | 0.00% | 14.56% | 0.01% |
| Kraft Heinz Co/The                           | KHC   | 1183.599  | 26.04    | 30,820.92    |       | 6.14% |       | -4.68% |       |
| American Tower Corp                          | AMT   | 468.251   | 192.32   | 90,054.08    |       | 3.54% |       | 23.73% |       |
| Regeneron Pharmaceuticals Inc                | REGN  | 104.170   | 562.27   | 58,571.83    | 0.14% | 0.63% | 0.00% | 8.03%  | 0.01% |
| Amazon.com Inc                               | AMZN  | 10664.912 | 219.57   | 2,341,694.75 | 5.69% |       |       | 16.62% | 0.95% |
| Jack Henry & Associates Inc                  | JKHY  | 72.665    | 148.93   | 10,822.03    |       | 1.56% |       |        |       |
| Ralph Lauren Corp                            | RL    | 38.693    | 313.56   | 12,132.58    | 0.03% | 1.16% | 0.00% | 13.40% | 0.00% |
| BXP Inc                                      | BXP   | 158.376   | 74.34    | 11,773.64    | 0.03% | 3.77% | 0.00% | 1.39%  | 0.00% |
| Amphenol Corp                                | APH   | 1220.921  | 123.75   | 151,088.99   |       | 0.53% |       | 26.21% |       |
| Howmet Aerospace Inc                         | HWM   | 403.126   | 196.23   | 79,105.48    | 0.19% | 0.24% | 0.00% | 17.38% | 0.03% |
| Valero Energy Corp                           | VLO   | 310.652   | 170.26   | 52,891.57    | 0.13% | 2.65% | 0.00% | 17.29% | 0.02% |
| Synopsys Inc                                 | SNPS  | 185.749   | 493.39   | 91,646.54    | 0.22% |       |       | 9.76%  | 0.02% |
| CH Robinson Worldwide Inc                    | CHRW  | 118.091   | 132.4    | 15,635.27    | 0.04% | 1.87% | 0.00% | 15.51% | 0.01% |
| Accenture PLC                                | ACN   | 622.853   | 246.6    | 153,595.48   |       | 2.64% |       |        |       |
| TransDigm Group Inc                          | TDG   | 56.350    | 1318.02  | 74,270.81    | 0.18% |       |       | 12.86% | 0.02% |
| Yum! Brands Inc                              | YUM   | 277.536   | 152      | 42,185.43    | 0.10% | 1.87% | 0.00% | 9.48%  | 0.01% |
| Prologis Inc                                 | PLD   | 926.175   | 114.52   | 106,065.56   | 0.26% | 3.53% | 0.01% | 5.72%  | 0.01% |
| FirstEnergy Corp                             | FE    | 577.126   | 45.82    | 26,443.92    |       | 3.88% |       | -4.30% |       |
| VeriSign Inc                                 | VRSN  | 93.400    | 279.57   | 26,111.84    |       | 1.10% |       |        |       |
| Quanta Services Inc                          | PWR   | 149.006   | 414.3201 | 61,736.16    | 0.15% | 0.10% | 0.00% | 14.67% | 0.02% |
| Henry Schein Inc                             | HSIC  | 121.268   | 66.37    | 8,048.58     | 0.02% |       |       | 4.67%  | 0.00% |
| Ameren Corp                                  | AEE   | 270.410   | 104.38   | 28,225.39    | 0.07% | 2.72% | 0.00% | 8.89%  | 0.01% |
| FactSet Research Systems Inc                 | FDS   | 37.807    | 286.49   | 10,831.26    |       | 1.54% |       |        |       |
| NVIDIA Corp                                  | NVDA  | 24300.000 | 186.58   | 4,533,894.00 |       | 0.02% |       | 39.00% |       |
| Cognizant Technology Solutions Corp          | CTSH  | 488.396   | 67.07    | 32,756.72    |       | 1.85% |       |        |       |
| Intuitive Surgical Inc                       | ISRG  | 358.477   | 447.23   | 160,321.45   | 0.39% |       |       | 15.50% | 0.06% |
| Take-Two Interactive Software Inc            | TTWO  | 184.470   | 258.36   | 47,659.72    |       |       |       | 58.37% |       |
| Republic Services Inc                        | RSG   | 312.216   | 229.48   | 71,647.29    | 0.17% | 1.09% | 0.00% | 9.49%  | 0.02% |
| eBay Inc                                     | EBAY  | 457.000   | 90.95    | 41,564.15    | 0.10% | 1.28% | 0.00% | 10.81% | 0.01% |
| Goldman Sachs Group Inc/The                  | GS    | 302.721   | 796.35   | 241,071.94   | 0.59% | 2.01% | 0.01% | 13.64% | 0.08% |
| SBA Communications Corp                      | SBAC  | 107.379   | 193.35   | 20,761.73    | 0.05% | 2.30% | 0.00% | 8.73%  | 0.00% |
| Sempra                                       | SRE   | 652.472   | 89.335   | 58,288.63    |       | 2.89% |       |        |       |
| Moody's Corp                                 | MCO   | 179.000   | 476.48   | 85,289.92    |       | 0.79% |       |        |       |
| ON Semiconductor Corp                        | ON    | 408.974   | 49.31    | 20,166.51    |       |       |       | -3.65% |       |
| Booking Holdings Inc                         | BKNG  | 32.410    | 5399.27  | 174,989.75   | 0.43% | 0.71% | 0.00% | 16.74% | 0.07% |
| F5 Inc                                       | FFIV  | 57.447    | 323.19   | 18,566.35    | 0.05% |       |       | 7.13%  | 0.00% |
| Akamai Technologies Inc                      | AKAM  | 143.386   | 75.76    | 10,862.89    | 0.03% |       |       | 4.90%  | 0.00% |
| Charles River Laboratories International Inc | CRL   | 49.214    | 156.46   | 7,700.05     | 0.02% |       |       | 3.67%  | 0.00% |
| Devon Energy Corp                            | DVN   | 634.800   | 35.06    | 22,256.09    | 0.05% | 2.74% | 0.00% | 4.26%  | 0.00% |
| Bio-Techne Corp                              | TECH  | 155.691   | 55.63    | 8,661.09     |       | 0.58% |       |        |       |
| Alphabet Inc                                 | GOOGL | 5817.000  | 243.1    | 1,414,112.70 | 3.44% | 0.35% | 0.01% | 12.93% | 0.44% |
| Allegion plc                                 | ALLE  | 85.847    | 177.35   | 15,224.88    | 0.04% | 1.15% | 0.00% | 5.69%  | 0.00% |
| Netflix Inc                                  | NFLX  | 424.926   | 1198.92  | 509,452.70   |       |       |       | 26.62% |       |
| Warner Bros Discovery Inc                    | WBD   | 2475.772  | 19.53    | 48,351.83    |       |       |       | 40.59% |       |
| Agilent Technologies Inc                     | A     | 283.500   | 128.35   | 36,387.28    | 0.09% | 0.77% | 0.00% | 7.99%  | 0.01% |
| Trimble Inc                                  | TRMB  | 237.969   | 81.65    | 19,430.18    |       |       |       |        |       |
| Elevance Health Inc                          | ELV   | 225.178   | 323.12   | 72,759.61    |       | 2.12% |       | -0.92% |       |
| CME Group Inc                                | CME   | 360.377   | 270.19   | 97,370.27    | 0.24% | 1.85% | 0.00% | 5.71%  | 0.01% |
| DTE Energy Co                                | DTE   | 207.518   | 141.43   | 29,349.24    | 0.07% | 3.08% | 0.00% | 6.37%  | 0.00% |
| Nasdaq Inc                                   | NDAQ  | 573.795   | 88.45    | 50,752.19    | 0.12% | 1.22% | 0.00% | 15.63% | 0.02% |
| Philip Morris International Inc              | PM    | 1556.589  | 162.2    | 252,478.79   | 0.61% | 3.63% | 0.02% | 11.27% | 0.07% |
| Salesforce Inc                               | CRM   | 952.000   | 237      | 225,624.00   | 0.55% | 0.70% | 0.00% | 12.74% | 0.07% |
| Ingersoll Rand Inc                           | IR    | 397.453   | 82.62    | 32,837.53    |       | 0.10% |       |        |       |
| Huntington Ingalls Industries Inc            | HII   | 39.241    | 287.91   | 11,297.77    | 0.03% | 1.88% | 0.00% | 14.49% | 0.00% |
| Roper Technologies Inc                       | ROP   | 107.614   | 498.69   | 53,665.94    |       | 0.66% |       |        |       |
| MetLife Inc                                  | MET   | 665.026   | 82.37    | 54,778.20    | 0.13% | 2.76% | 0.00% | 12.81% | 0.02% |
| Tapestry Inc                                 | TPR   | 209.069   | 113.22   | 23,670.74    | 0.06% | 1.41% | 0.00% | 7.22%  | 0.00% |
| CSX Corp                                     | CSX   | 1864.277  | 35.51    | 66,200.48    | 0.16% | 1.46% | 0.00% | 6.33%  | 0.01% |
| Edwards Lifesciences Corp                    | EW    | 587.100   | 77.77    | 45,658.77    | 0.11% |       |       | 8.64%  | 0.01% |
| Ameriprise Financial Inc                     | AMP   | 94.272    | 491.25   | 46,310.91    | 0.11% | 1.30% | 0.00% | 10.55% | 0.01% |
| Zebra Technologies Corp                      | ZBRA  | 50.845    | 297.16   | 15,109.14    |       |       |       |        |       |
| Zimmer Biomet Holdings Inc                   | ZBH   | 198.096   | 98.5     | 19,512.45    | 0.05% | 0.97% | 0.00% | 4.65%  | 0.00% |
| CBRE Group Inc                               | CBRE  | 297.554   | 157.56   | 46,882.66    |       |       |       |        |       |
| Camden Property Trust                        | CPT   | 106.853   | 106.78   | 11,409.73    | 0.03% | 3.93% | 0.00% | 1.63%  | 0.00% |
| Mastercard Inc                               | MA    | 897.274   | 568.81   | 510,378.52   | 1.24% | 0.53% | 0.01% | 15.34% | 0.19% |
| Datadog Inc                                  | DDOG  | 323.271   | 142.4    | 46,033.75    | 0.11% |       |       | 8.38%  | 0.01% |



|                                            |      |          |         |              |       |       |       |         |       |
|--------------------------------------------|------|----------|---------|--------------|-------|-------|-------|---------|-------|
| CarMax Inc                                 | KMX  | 146.845  | 44.87   | 6,588.94     | 0.02% |       |       | 15.69%  | 0.00% |
| Intercontinental Exchange Inc              | ICE  | 572.423  | 168.48  | 96,441.84    | 0.23% | 1.14% | 0.00% | 14.37%  | 0.03% |
| Smurfit WestRock PLC                       | SW   | 522.144  | 42.57   | 22,227.68    |       | 4.05% |       | 72.38%  |       |
| Fidelity National Information Services Inc | FIS  | 522.379  | 65.94   | 34,445.64    |       | 2.43% |       |         |       |
| Chipotle Mexican Grill Inc                 | CMG  | 1340.885 | 39.19   | 52,549.28    | 0.13% |       |       | 15.60%  | 0.02% |
| Wynn Resorts Ltd                           | WYNN | 103.977  | 128.27  | 13,337.07    | 0.03% | 0.78% | 0.00% | 4.22%   | 0.00% |
| Live Nation Entertainment Inc              | LYV  | 234.473  | 163.4   | 38,312.84    |       |       |       |         |       |
| Assurant Inc                               | AIZ  | 50.459   | 216.6   | 10,929.46    |       | 1.48% |       |         |       |
| NRG Energy Inc                             | NRG  | 193.431  | 161.95  | 31,326.12    |       | 1.09% |       |         |       |
| Regions Financial Corp                     | RF   | 892.308  | 26.37   | 23,530.17    | 0.06% | 4.02% | 0.00% | 7.96%   | 0.00% |
| Monster Beverage Corp                      | MNST | 976.428  | 67.31   | 65,723.38    | 0.16% |       |       | 14.71%  | 0.02% |
| Mosaic Co/The                              | MOS  | 317.378  | 34.68   | 11,006.68    | 0.03% | 2.54% | 0.00% | 3.57%   | 0.00% |
| Baker Hughes Co                            | BKR  | 985.879  | 48.72   | 48,032.03    | 0.12% | 1.89% | 0.00% | 9.16%   | 0.01% |
| Expedia Group Inc                          | EXPE | 118.192  | 213.75  | 25,263.57    | 0.06% | 0.75% | 0.00% | 18.12%  | 0.01% |
| Kimberly-Clark Corp                        | KMB  | 331.780  | 124.34  | 41,253.52    | 0.10% | 4.05% | 0.00% | 1.97%   | 0.00% |
| CF Industries Holdings Inc                 | CF   | 161.973  | 89.7    | 14,528.97    |       | 2.23% |       | -4.53%  |       |
| Leidos Holdings Inc                        | LDOS | 128.297  | 188.96  | 24,243.06    | 0.06% | 0.85% | 0.00% | 9.35%   | 0.01% |
| APA Corp                                   | APA  | 357.786  | 24.28   | 8,687.06     |       | 4.12% |       |         |       |
| TKO Group Holdings Inc                     | TKO  | 82.137   | 201.96  | 16,588.37    |       | 1.51% |       | 93.41%  |       |
| Alphabet Inc                               | GOOG | 5430.000 | 243.55  | 1,322,476.50 | 3.21% | 0.34% | 0.01% | 12.93%  | 0.42% |
| First Solar Inc                            | FSLR | 107.248  | 220.53  | 23,651.32    |       |       |       | 37.61%  |       |
| Visa Inc                                   | V    | 1698.683 | 341.38  | 579,896.24   | 1.41% | 0.69% | 0.01% | 13.36%  | 0.19% |
| Mid-America Apartment Communities Inc      | MAA  | 117.071  | 139.73  | 16,358.35    | 0.04% | 4.34% | 0.00% | 1.55%   | 0.00% |
| Xylem Inc/NY                               | XYL  | 243.410  | 147.5   | 35,902.93    |       | 1.08% |       |         |       |
| Marathon Petroleum Corp                    | MPC  | 304.020  | 192.74  | 58,596.87    | 0.14% | 1.89% | 0.00% | 7.16%   | 0.01% |
| Advanced Micro Devices Inc                 | AMD  | 1622.844 | 161.79  | 262,559.88   |       |       |       | 31.34%  |       |
| Tractor Supply Co                          | TSCO | 529.952  | 56.87   | 30,138.35    | 0.07% | 1.62% | 0.00% | 9.79%   | 0.01% |
| ResMed Inc                                 | RMD  | 146.415  | 273.73  | 40,078.13    | 0.10% | 0.88% | 0.00% | 9.57%   | 0.01% |
| Mettler-Toledo International Inc           | MTD  | 20.599   | 1227.61 | 25,287.59    | 0.06% |       |       | 7.93%   | 0.00% |
| Jacobs Solutions Inc                       | J    | 119.536  | 149.86  | 17,913.74    | 0.04% | 0.85% | 0.00% | 13.35%  | 0.01% |
| Copart Inc                                 | CPRT | 967.732  | 44.97   | 43,518.89    |       |       |       |         |       |
| VICI Properties Inc                        | VICI | 1066.370 | 32.61   | 34,774.32    | 0.08% | 5.52% | 0.00% | 4.24%   | 0.00% |
| Fortinet Inc                               | FTNT | 766.266  | 84.08   | 64,427.65    | 0.16% |       |       | 10.99%  | 0.02% |
| Albemarle Corp                             | ALB  | 117.683  | 81.08   | 9,541.73     |       | 2.00% |       | 83.68%  |       |
| Moderna Inc                                | MRNA | 389.080  | 25.83   | 10,049.93    | 0.02% |       |       | 18.60%  | 0.00% |
| Essex Property Trust Inc                   | ESS  | 64.404   | 267.66  | 17,238.38    | 0.04% | 3.84% | 0.00% | 2.46%   | 0.00% |
| CoStar Group Inc                           | CSGP | 423.650  | 84.37   | 35,743.38    |       |       |       | 40.81%  |       |
| Realty Income Corp                         | O    | 914.306  | 60.5205 | 55,334.26    | 0.13% | 5.34% | 0.01% | 3.14%   | 0.00% |
| Palantir Technologies Inc                  | PLTR | 2274.262 | 182.42  | 414,870.80   |       |       |       | 40.62%  |       |
| Westinghouse Air Brake Technologies Corp   | WAB  | 170.953  | 200.47  | 34,270.98    | 0.08% | 0.50% | 0.00% | 14.51%  | 0.01% |
| Pool Corp                                  | POOL | 37.318   | 310.07  | 11,571.20    | 0.03% | 1.61% | 0.00% | 5.27%   | 0.00% |
| Western Digital Corp                       | WDC  | 346.922  | 120.06  | 41,651.47    | 0.10% | 0.33% | 0.00% | 19.43%  | 0.02% |
| PepsiCo Inc                                | PEP  | 1369.077 | 140.44  | 192,273.20   | 0.47% | 4.05% | 0.02% | 3.51%   | 0.02% |
| TE Connectivity PLC                        | TEL  | 295.481  | 219.53  | 64,867.05    | 0.16% | 1.29% | 0.00% | 10.89%  | 0.02% |
| Diamondback Energy Inc                     | FANG | 289.486  | 143.1   | 41,425.46    |       | 2.80% |       |         |       |
| Palo Alto Networks Inc                     | PANW | 668.900  | 203.62  | 136,201.42   | 0.33% |       |       | 11.82%  | 0.04% |
| ServiceNow Inc                             | NOW  | 208.000  | 920.28  | 191,418.24   |       |       |       |         |       |
| Church & Dwight Co Inc                     | CHD  | 243.609  | 87.63   | 21,347.43    | 0.05% | 1.35% | 0.00% | 6.71%   | 0.00% |
| Federal Realty Investment Trust            | FRT  | 86.266   | 100.18  | 8,642.14     | 0.02% | 4.51% | 0.00% | 4.15%   | 0.00% |
| MGM Resorts International                  | MGM  | 272.191  | 34.66   | 9,434.14     | 0.02% |       |       | 9.69%   | 0.00% |
| American Electric Power Co Inc             | AEP  | 534.795  | 112.5   | 60,164.41    | 0.15% | 3.31% | 0.00% | 5.30%   | 0.01% |
| Invitation Homes Inc                       | INVH | 613.008  | 29.33   | 17,979.53    | 0.04% | 3.95% | 0.00% | 3.59%   | 0.00% |
| PTC Inc                                    | PTC  | 119.793  | 203.02  | 24,320.31    |       |       |       | 21.45%  |       |
| JB Hunt Transport Services Inc             | JBHT | 96.799   | 134.17  | 12,987.56    | 0.03% | 1.31% | 0.00% | 13.09%  | 0.00% |
| Lam Research Corp                          | LRCX | 1261.032 | 133.9   | 168,852.22   | 0.41% | 0.78% | 0.00% | 14.44%  | 0.06% |
| Mohawk Industries Inc                      | MHK  | 62.132   | 128.92  | 8,010.05     | 0.02% |       |       | 4.49%   | 0.00% |
| Pentair PLC                                | PNR  | 163.931  | 110.76  | 18,157.03    | 0.04% | 0.90% | 0.00% | 9.47%   | 0.00% |
| GE HealthCare Technologies Inc             | GEHC | 456.562  | 75.1    | 34,287.81    | 0.08% | 0.19% | 0.00% | 6.34%   | 0.01% |
| Vertex Pharmaceuticals Inc                 | VRTX | 256.391  | 391.64  | 100,412.83   |       |       |       |         |       |
| Amcor PLC                                  | AMCR | 2308.360 | 8.18    | 18,882.38    | 0.05% | 6.23% | 0.00% | 8.74%   | 0.00% |
| Meta Platforms Inc                         | META | 2168.962 | 734.38  | 1,592,842.67 | 3.87% | 0.29% | 0.01% | 16.81%  | 0.65% |
| T-Mobile US Inc                            | TMUS | 1125.419 | 239.38  | 269,402.81   |       | 1.70% |       |         |       |
| United Rentals Inc                         | URI  | 64.341   | 954.66  | 61,423.99    | 0.15% | 0.75% | 0.00% | 7.70%   | 0.01% |
| Honeywell International Inc                | HON  | 634.897  | 210.5   | 133,645.73   | 0.32% | 2.26% | 0.01% | 8.09%   | 0.03% |
| Alexandria Real Estate Equities Inc        | ARE  | 172.959  | 83.34   | 14,414.40    |       | 6.34% |       | -1.68%  |       |
| Robinhood Markets Inc                      | HOOD | 773.964  | 143.18  | 110,816.12   | 0.27% |       |       | 14.47%  | 0.04% |
| Delta Air Lines Inc                        | DAL  | 652.948  | 56.75   | 37,054.82    | 0.09% | 1.32% | 0.00% | 4.60%   | 0.00% |
| Seagate Technology Holdings PLC            | STX  | 212.968  | 236.06  | 50,273.29    |       | 1.22% |       | 23.91%  |       |
| United Airlines Holdings Inc               | UAL  | 327.704  | 96.5    | 31,623.42    | 0.08% |       |       | 7.43%   | 0.01% |
| News Corp                                  | NWS  | 188.031  | 34.55   | 6,496.48     |       | 0.58% |       |         |       |
| Centene Corp                               | CNC  | 491.133  | 35.68   | 17,523.63    |       |       |       | -21.26% |       |
| Block Inc                                  | XYZ  | 549.574  | 72.27   | 39,717.71    |       |       |       | 34.36%  |       |
| Martin Marietta Materials Inc              | MLM  | 60.306   | 630.28  | 38,009.67    |       | 0.53% |       | -9.33%  |       |
| Apollo Global Management Inc               | APO  | 575.381  | 133.27  | 76,681.06    | 0.19% | 1.53% | 0.00% | 12.27%  | 0.02% |
| Teradyne Inc                               | TER  | 159.074  | 137.64  | 21,894.88    | 0.05% | 0.35% | 0.00% | 15.18%  | 0.01% |
| PayPal Holdings Inc                        | PYPL | 955.378  | 67.06   | 64,067.68    | 0.16% |       |       | 12.38%  | 0.02% |
| Tesla Inc                                  | TSLA | 3325.151 | 444.72  | 1,478,761.10 |       |       |       |         |       |
| Blackrock Inc                              | BLK  | 154.853  | 1165.87 | 180,538.86   | 0.44% | 1.79% | 0.01% | 12.40%  | 0.05% |
| Arch Capital Group Ltd                     | ACGL | 373.220  | 90.73   | 33,862.28    | 0.08% |       |       | 2.01%   | 0.00% |
| KKR & Co Inc                               | KKR  | 890.949  | 129.95  | 115,778.79   |       | 0.57% |       |         |       |
| Dow Inc                                    | DOW  | 705.764  | 22.93   | 16,183.18    | 0.04% | 6.11% | 0.00% | 3.37%   | 0.00% |
| Everest Group Ltd                          | EG   | 41.943   | 350.23  | 14,689.80    |       | 2.28% |       | 29.71%  |       |
| Teledyne Technologies Inc                  | TDY  | 46.889   | 586.04  | 27,478.54    | 0.07% |       |       | 10.05%  | 0.01% |

|                          |      |          |        |            |       |       |       |        |       |
|--------------------------|------|----------|--------|------------|-------|-------|-------|--------|-------|
| GE Vernova Inc           | GEV  | 272.224  | 614.9  | 167,390.50 |       | 0.16% |       |        |       |
| Domino's Pizza Inc       | DPZ  | 33.949   | 431.71 | 14,656.09  | 0.04% | 1.61% | 0.00% | 9.94%  | 0.00% |
| News Corp                | NWSA | 376.776  | 30.71  | 11,570.80  |       | 0.65% |       |        |       |
| Exelon Corp              | EXC  | 1009.536 | 45.01  | 45,439.20  | 0.11% | 3.55% | 0.00% | 7.22%  | 0.01% |
| Global Payments Inc      | GPN  | 242.607  | 83.08  | 20,155.80  |       | 1.20% |       |        |       |
| Crown Castle Inc         | CCI  | 435.470  | 96.49  | 42,018.51  |       | 4.40% |       | 32.78% |       |
| Align Technology Inc     | ALGN | 72.486   | 125.22 | 9,076.74   | 0.02% |       |       | 10.93% | 0.00% |
| Kenvue Inc               | KVUE | 1919.070 | 16.23  | 31,146.50  |       | 5.11% |       | 32.40% |       |
| Targa Resources Corp     | TRGP | 215.192  | 167.54 | 36,053.24  |       | 2.39% |       | 21.00% |       |
| Bunge Global SA          | BG   | 200.062  | 81.25  | 16,255.04  | 0.04% | 3.45% | 0.00% | 2.09%  | 0.00% |
| Deckers Outdoor Corp     | DECK | 148.343  | 101.37 | 15,037.57  | 0.04% |       |       | 4.14%  | 0.00% |
| LKQ Corp                 | LKQ  | 257.293  | 30.54  | 7,857.73   |       | 3.93% |       |        |       |
| Workday Inc              | WDAY | 217.000  | 240.73 | 52,238.41  |       |       |       |        |       |
| Zoetis Inc               | ZTS  | 443.183  | 146.32 | 64,846.61  | 0.16% | 1.37% | 0.00% | 8.70%  | 0.01% |
| Paramount Skydance Corp  | PSKY | 1064.653 | 18.92  | 20,143.24  |       | 1.06% |       |        |       |
| Coinbase Global Inc      | COIN | 226.159  | 337.49 | 76,326.44  |       |       |       | -3.18% |       |
| Digital Realty Trust Inc | DLR  | 341.050  | 172.88 | 58,960.80  | 0.14% | 2.82% | 0.00% | 6.48%  | 0.01% |
| Equinix Inc              | EQIX | 97.864   | 783.24 | 76,650.99  |       | 2.40% |       | 32.66% |       |
| Las Vegas Sands Corp     | LVS  | 686.454  | 53.79  | 36,924.34  | 0.09% | 1.86% | 0.00% | 8.34%  | 0.01% |
| Molina Healthcare Inc    | MOH  | 54.200   | 191.36 | 10,371.71  |       |       |       | -9.17% |       |

Notes:

- 
- [1] Equals sum of Col. [9]
- [2] Equals sum of Col. [11]
- [3] Equals ([1] x (1 + (0.5 x [2]))) + [2]
- [4] Bloomberg Professional as of September 30, 2025
- [5] Bloomberg Professional as of September 30, 2025
- [6] Equals [4] x [5]
- [7] Equals weight in S&P 500 based on market capitalization [6] if Growth Rate >0% and ≤20%
- [8] Source: Bloomberg Professional, as of September 30, 2025
- [9] Equals [7] x [8]
- [10] Value Line, as of September 30, 2025
- [11] Equals [7] x [10]

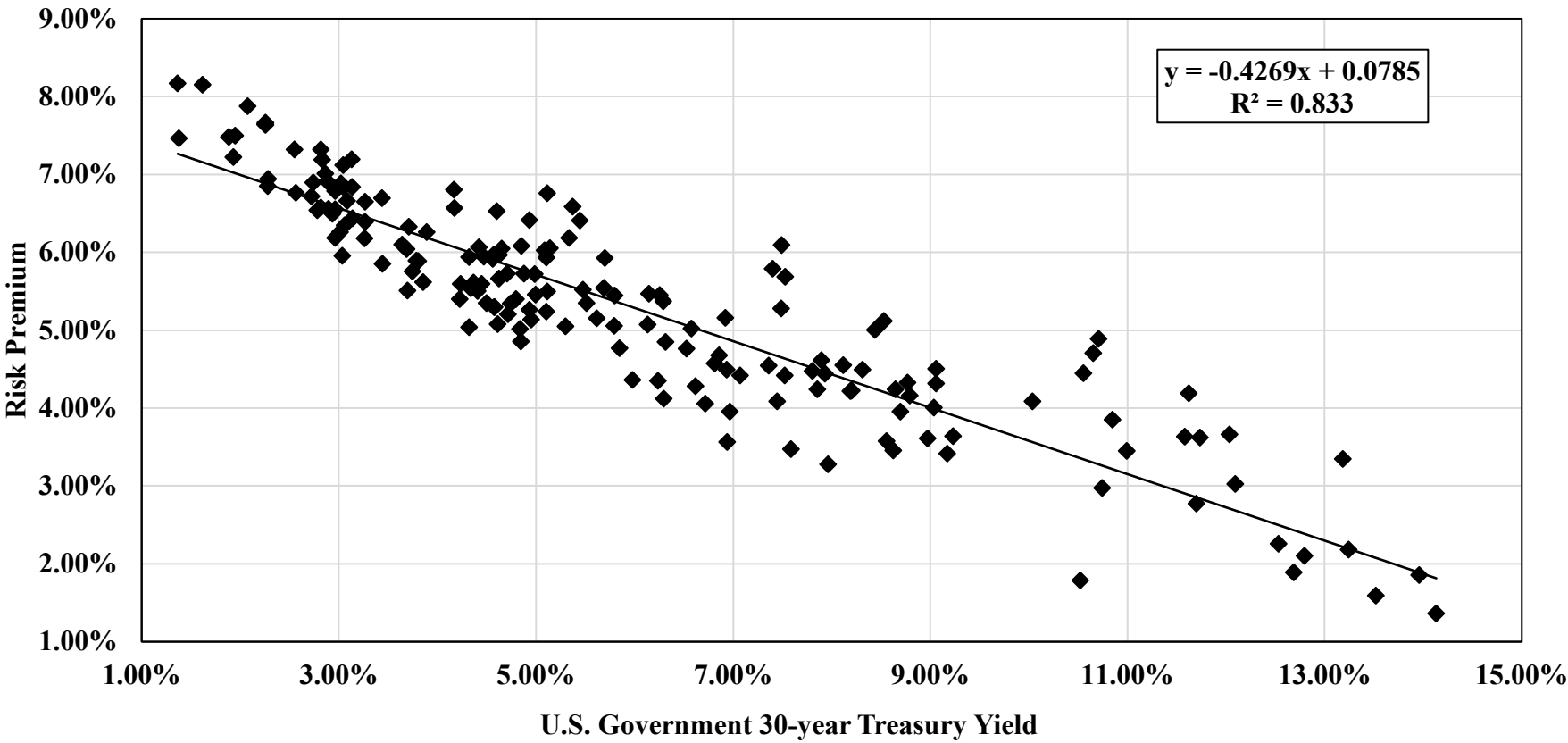


BOND YIELD PLUS RISK PREMIUM

|         | [1]                                  | [2]                             | [3]             |
|---------|--------------------------------------|---------------------------------|-----------------|
| Quarter | Average<br>Authorized<br>Natural Gas | U.S. Govt. 30-<br>year Treasury | Risk<br>Premium |
| 1980.1  | 13.45%                               | 11.66%                          | 1.79%           |
| 1980.2  | 14.38%                               | 10.52%                          | 3.85%           |
| 1980.3  | 13.87%                               | 10.85%                          | 3.02%           |
| 1980.4  | 14.35%                               | 12.10%                          | 2.25%           |
| 1981.1  | 14.71%                               | 12.53%                          | 2.18%           |
| 1981.2  | 14.61%                               | 13.24%                          | 1.36%           |
| 1981.3  | 14.86%                               | 14.13%                          | 0.72%           |
| 1981.4  | 15.70%                               | 13.85%                          | 1.86%           |
| 1982.1  | 15.55%                               | 13.96%                          | 1.59%           |
| 1982.2  | 15.62%                               | 13.52%                          | 2.10%           |
| 1982.3  | 15.77%                               | 12.79%                          | 2.97%           |
| 1982.4  | 15.63%                               | 10.75%                          | 4.89%           |
| 1983.1  | 15.41%                               | 10.71%                          | 4.71%           |
| 1983.2  | 14.84%                               | 10.65%                          | 4.19%           |
| 1983.3  | 15.24%                               | 11.62%                          | 3.62%           |
| 1983.4  | 15.40%                               | 11.74%                          | 3.66%           |
| 1984.1  | 15.39%                               | 12.04%                          | 3.35%           |
| 1984.2  | 15.07%                               | 13.18%                          | 1.89%           |
| 1984.3  | 15.46%                               | 12.69%                          | 2.77%           |
| 1984.4  | 15.33%                               | 11.70%                          | 3.63%           |
| 1985.1  | 15.03%                               | 11.58%                          | 3.45%           |
| 1985.2  | 15.44%                               | 11.00%                          | 4.45%           |
| 1985.3  | 14.64%                               | 10.55%                          | 4.08%           |
| 1985.4  | 14.37%                               | 10.04%                          | 4.33%           |
| 1986.1  | 14.05%                               | 8.77%                           | 5.28%           |
| 1986.2  | 13.28%                               | 7.49%                           | 5.79%           |
| 1986.3  | 13.09%                               | 7.40%                           | 5.69%           |
| 1986.4  | 13.62%                               | 7.53%                           | 6.09%           |
| 1987.1  | 12.61%                               | 7.49%                           | 5.11%           |
| 1987.2  | 13.04%                               | 8.53%                           | 4.51%           |
| 1987.3  | 12.70%                               | 9.06%                           | 3.64%           |
| 1987.4  | 12.69%                               | 9.23%                           | 3.46%           |
| 1988.1  | 12.94%                               | 8.63%                           | 4.31%           |
| 1988.2  | 12.48%                               | 9.06%                           | 3.41%           |
| 1988.3  | 12.79%                               | 9.18%                           | 3.61%           |
| 1988.4  | 12.98%                               | 8.97%                           | 4.00%           |
| 1989.1  | 12.99%                               | 9.04%                           | 3.96%           |
| 1989.2  | 13.25%                               | 8.70%                           | 4.55%           |
| 1989.3  | 12.56%                               | 8.12%                           | 4.44%           |
| 1989.4  | 12.94%                               | 7.93%                           | 5.00%           |
| 1990.1  | 12.68%                               | 8.44%                           | 4.24%           |
| 1990.2  | 12.81%                               | 8.65%                           | 4.16%           |
| 1990.3  | 12.36%                               | 8.79%                           | 3.57%           |
| 1990.4  | 12.78%                               | 8.56%                           | 4.22%           |
| 1991.1  | 12.69%                               | 8.20%                           | 4.49%           |
| 1991.2  | 12.53%                               | 8.31%                           | 4.22%           |
| 1991.3  | 12.43%                               | 8.19%                           | 4.24%           |
| 1991.4  | 12.33%                               | 7.85%                           | 4.48%           |
| 1992.1  | 12.42%                               | 7.81%                           | 4.61%           |
| 1992.2  | 11.98%                               | 7.90%                           | 4.09%           |
| 1992.3  | 11.87%                               | 7.45%                           | 4.42%           |
| 1992.4  | 11.94%                               | 7.52%                           | 4.42%           |
| 1993.1  | 11.75%                               | 7.07%                           | 4.68%           |
| 1993.2  | 11.71%                               | 6.86%                           | 4.85%           |
| 1993.3  | 11.39%                               | 6.32%                           | 5.07%           |
| 1993.4  | 11.16%                               | 6.14%                           | 5.02%           |
| 1994.1  | 11.12%                               | 6.58%                           | 4.54%           |
| 1994.2  | 10.84%                               | 7.36%                           | 3.47%           |
| 1994.3  | 10.87%                               | 7.59%                           | 3.28%           |
| 1994.4  | 11.53%                               | 7.96%                           | 3.56%           |
| 1995.2  | 11.00%                               | 6.94%                           | 4.06%           |
| 1995.3  | 11.07%                               | 6.72%                           | 4.35%           |

|        |        |       |       |
|--------|--------|-------|-------|
| 1995.4 | 11.61% | 6.24% | 5.37% |
| 1996.1 | 11.45% | 6.29% | 5.16% |
| 1996.2 | 10.88% | 6.92% | 3.95% |
| 1996.3 | 11.25% | 6.97% | 4.28% |
| 1996.4 | 11.19% | 6.62% | 4.57% |
| 1997.1 | 11.31% | 6.82% | 4.49% |
| 1997.2 | 11.70% | 6.94% | 4.76% |
| 1997.3 | 12.00% | 6.53% | 5.47% |
| 1997.4 | 10.92% | 6.15% | 4.77% |
| 1998.2 | 11.37% | 5.85% | 5.52% |
| 1998.3 | 11.41% | 5.48% | 5.93% |
| 1998.4 | 11.69% | 5.11% | 6.58% |
| 1999.1 | 10.82% | 5.37% | 5.44% |
| 1999.2 | 11.25% | 5.80% | 5.45% |
| 1999.4 | 10.38% | 6.26% | 4.12% |
| 2000.1 | 10.66% | 6.30% | 4.36% |
| 2000.2 | 11.03% | 5.98% | 5.05% |
| 2000.3 | 11.33% | 5.79% | 5.54% |
| 2000.4 | 12.10% | 5.69% | 6.41% |
| 2001.1 | 11.38% | 5.45% | 5.93% |
| 2001.2 | 10.75% | 5.70% | 5.05% |
| 2001.4 | 10.65% | 5.30% | 5.35% |
| 2002.1 | 10.67% | 5.52% | 5.15% |
| 2002.2 | 11.64% | 5.62% | 6.03% |
| 2002.3 | 11.50% | 5.09% | 6.41% |
| 2002.4 | 11.01% | 4.93% | 6.08% |
| 2003.1 | 11.38% | 4.85% | 6.53% |
| 2003.2 | 11.36% | 4.60% | 6.76% |
| 2003.3 | 10.61% | 5.11% | 5.50% |
| 2003.4 | 10.84% | 5.11% | 5.73% |
| 2004.1 | 11.06% | 4.88% | 6.18% |
| 2004.2 | 10.57% | 5.34% | 5.24% |
| 2004.3 | 10.37% | 5.11% | 5.26% |
| 2004.4 | 10.66% | 4.93% | 5.73% |
| 2005.1 | 10.65% | 4.71% | 5.94% |
| 2005.2 | 10.54% | 4.47% | 6.07% |
| 2005.3 | 10.47% | 4.42% | 6.05% |
| 2005.4 | 10.32% | 4.65% | 5.66% |
| 2006.1 | 10.68% | 4.63% | 6.05% |
| 2006.2 | 10.60% | 5.14% | 5.46% |
| 2006.3 | 10.34% | 5.00% | 5.34% |
| 2006.4 | 10.14% | 4.74% | 5.40% |
| 2007.1 | 10.52% | 4.80% | 5.72% |
| 2007.2 | 10.13% | 4.99% | 5.14% |
| 2007.3 | 10.03% | 4.95% | 5.08% |
| 2007.4 | 10.12% | 4.61% | 5.50% |
| 2008.1 | 10.38% | 4.41% | 5.97% |
| 2008.2 | 10.17% | 4.57% | 5.59% |
| 2008.3 | 10.55% | 4.45% | 6.10% |
| 2008.4 | 10.34% | 3.64% | 6.69% |
| 2009.1 | 10.24% | 3.44% | 6.80% |
| 2009.2 | 10.11% | 4.17% | 5.94% |
| 2009.3 | 9.88%  | 4.32% | 5.56% |
| 2009.4 | 10.31% | 4.34% | 5.97% |
| 2010.1 | 10.24% | 4.62% | 5.61% |
| 2010.2 | 9.99%  | 4.37% | 5.62% |
| 2010.3 | 10.43% | 3.86% | 6.57% |
| 2010.4 | 10.09% | 4.17% | 5.92% |
| 2011.1 | 10.10% | 4.56% | 5.54% |
| 2011.2 | 9.85%  | 4.34% | 5.51% |
| 2011.3 | 9.65%  | 3.70% | 5.95% |
| 2011.4 | 9.88%  | 3.04% | 6.84% |
| 2012.1 | 9.63%  | 3.14% | 6.50% |
| 2012.2 | 9.83%  | 2.94% | 6.89% |
| 2012.3 | 9.75%  | 2.74% | 7.01% |
| 2012.4 | 10.06% | 2.86% | 7.19% |
| 2013.1 | 9.57%  | 3.13% | 6.44% |
| 2013.2 | 9.47%  | 3.14% | 6.33% |

|         |        |       |       |
|---------|--------|-------|-------|
| 2013.3  | 9.60%  | 3.71% | 5.89% |
| 2013.4  | 9.83%  | 3.79% | 6.04% |
| 2014.1  | 9.54%  | 3.69% | 5.85% |
| 2014.2  | 9.84%  | 3.44% | 6.39% |
| 2014.3  | 9.45%  | 3.27% | 6.18% |
| 2014.4  | 10.28% | 2.96% | 7.32% |
| 2015.1  | 9.47%  | 2.55% | 6.91% |
| 2015.2  | 9.43%  | 2.88% | 6.55% |
| 2015.3  | 9.75%  | 2.96% | 6.79% |
| 2015.4  | 9.68%  | 2.96% | 6.71% |
| 2016.1  | 9.48%  | 2.72% | 6.76% |
| 2016.2  | 9.42%  | 2.57% | 6.85% |
| 2016.3  | 9.47%  | 2.28% | 7.19% |
| 2016.4  | 9.67%  | 2.83% | 6.84% |
| 2017.1  | 9.60%  | 3.05% | 6.55% |
| 2017.2  | 9.47%  | 2.90% | 6.57% |
| 2017.3  | 10.14% | 2.82% | 7.32% |
| 2017.4  | 9.70%  | 2.82% | 6.88% |
| 2018.1  | 9.68%  | 3.02% | 6.66% |
| 2018.2  | 9.43%  | 3.09% | 6.34% |
| 2018.3  | 9.71%  | 3.06% | 6.65% |
| 2018.4  | 9.53%  | 3.27% | 6.26% |
| 2019.1  | 9.55%  | 3.01% | 6.54% |
| 2019.2  | 9.73%  | 2.78% | 6.94% |
| 2019.3  | 9.95%  | 2.29% | 7.67% |
| 2019.4  | 9.74%  | 2.26% | 7.48% |
| 2020.1  | 9.35%  | 1.89% | 7.46% |
| 2020.2  | 9.55%  | 1.38% | 8.17% |
| 2020.3  | 9.52%  | 1.37% | 8.15% |
| 2020.4  | 9.50%  | 1.62% | 7.87% |
| 2021.1  | 9.71%  | 2.07% | 7.63% |
| 2021.2  | 9.48%  | 2.26% | 7.22% |
| 2021.3  | 9.43%  | 1.93% | 7.50% |
| 2021.4  | 9.59%  | 1.95% | 7.65% |
| 2022.1  | 9.38%  | 2.25% | 7.12% |
| 2022.2  | 9.23%  | 3.05% | 6.18% |
| 2022.3  | 9.52%  | 3.26% | 6.26% |
| 2022.4  | 9.65%  | 3.89% | 5.75% |
| 2023.1  | 9.64%  | 3.75% | 5.89% |
| 2023.2  | 9.40%  | 3.81% | 5.59% |
| 2023.3  | 9.53%  | 4.23% | 5.30% |
| 2023.4  | 9.62%  | 4.58% | 5.04% |
| 2024.1  | 9.62%  | 4.32% | 5.29% |
| 2024.2  | 9.97%  | 4.58% | 5.40% |
| 2024.3  | 9.58%  | 4.23% | 5.35% |
| 2024.4  | 9.70%  | 4.50% | 5.21% |
| 2025.1  | 9.73%  | 4.72% | 5.02% |
| 2025.2  | 9.69%  | 4.84% | 4.86% |
| 2025.3  | 9.60%  | 4.85% | 4.75% |
| AVERAGE | 11.31% | 6.02% | 5.29% |
| MEDIAN  | 10.67% | 5.11% | 5.45% |



SUMMARY OUTPUT

| Regression Statistics |           |
|-----------------------|-----------|
| Multiple R            | 0.9210434 |
| R Square              | 0.8483210 |
| Adjusted R Square     | 0.8474641 |
| Standard Error        | 0.0055326 |
| Observations          | 179       |

| ANOVA      |     |         |         |           |                |
|------------|-----|---------|---------|-----------|----------------|
|            | df  | SS      | MS      | F         | Significance F |
| Regression | 1   | 0.03030 | 0.03030 | 989.93815 | 0.00000        |
| Residual   | 177 | 0.00542 | 0.00003 |           |                |
| Total      | 178 | 0.03572 |         |           |                |

|                             | Coefficients | Standard Error | t Stat  | P-value | Lower 95% | Upper 95% | Lower 95.0% | Upper 95.0% |
|-----------------------------|--------------|----------------|---------|---------|-----------|-----------|-------------|-------------|
| Intercept                   | 0.0786       | 0.00           | 85.83   | 0.0000  | 0.0768    | 0.0804    | 0.0768      | 0.0804      |
| U.S. Govt. 30-year Treasury | (0.4268)     | 0.01           | (31.46) | 0.0000  | (0.4536)  | (0.4001)  | (0.4536)    | (0.4001)    |

|                                                                | [7]                               | [8]             | [9]    |
|----------------------------------------------------------------|-----------------------------------|-----------------|--------|
|                                                                | U.S. Govt.<br>30-year<br>Treasury | Risk<br>Premium | ROE    |
|                                                                | [7]                               | [8]             | [9]    |
| Current 30-day average of 30-year U.S. Treasury bond yield [4] | 4.79%                             | 5.81%           | 10.60% |
| Blue Chip Near-Term Projected Forecast (Q4 2025 - Q4 2026) [5] | 4.62%                             | 5.89%           | 10.51% |
| Blue Chip Long-Term Projected Forecast (2026-2030) [6]         | 4.40%                             | 5.98%           | 10.38% |
| AVERAGE                                                        |                                   |                 | 10.50% |

Notes:

[1] Source: Regulatory Research Associates, rate cases through September 30, 2025

[2] Source: S&P Capital IQ Pro, quarterly bond yields are the average of each trading day in the quarter

[3] Equals Column [1] – Column [2]

[4] Source: S&P Capital IQ Pro, 30-day average as of September 30, 2025

[5] Blue Chip Financial Forecasts, Vol. 44, No. 10, October 1, 2025, at 2

[6] Source: Blue Chip Financial Forecasts, Vol. 44, No. 6, June 2, 2025, at 14

[7] See notes [4], [5] & [6]

[8] Equals 0.078773 + (-0.428240 x Column [7])

[9] Equals Column [7] + Column [8]

# SIZE PREMIUM CALCULATION

## Proxy Group Market Capitalization

|                               |        | [1]                                 |
|-------------------------------|--------|-------------------------------------|
|                               |        | Market Capitalization (\$ billions) |
| Company                       | Ticker |                                     |
| Atmos Energy Corporation      | ATO    | 26.57                               |
| NiSource Inc.                 | NI     | 19.37                               |
| Northwest Natural Gas Company | NWN    | 1.74                                |
| ONE Gas, Inc.                 | OGS    | 4.59                                |
| Southwest Gas Corporation     | SWX    | 5.66                                |
| Median                        |        | 5.66                                |

|                                                            |     |    |          |
|------------------------------------------------------------|-----|----|----------|
| SJG                                                        |     |    |          |
| Test Year Rate Base (\$millions)                           | [2] | \$ | 2,851.7  |
| Proposed Common Equity Ratio                               | [3] |    | 57.00%   |
| Common Equity (\$ millions)                                | [4] | \$ | 1,625.49 |
|                                                            |     |    |          |
| Market Capitalization of Proxy Group (median) (\$millions) | [5] | \$ | 5,659.42 |

## Kroll Cost of Capital Navigator -- Size Premium

|                                            |     | [6]                                                    | [7]          |
|--------------------------------------------|-----|--------------------------------------------------------|--------------|
|                                            |     | Market Capitalization of Largest Company (\$ millions) | Size Premium |
| Breakdown of Deciles 1-10                  |     |                                                        |              |
| 1-Largest                                  |     | 3,522,211.14                                           | -0.01%       |
| 2                                          |     | 46,949.06                                              | 0.33%        |
| 3                                          |     | 20,178.36                                              | 0.49%        |
| 4                                          |     | 9,937.35                                               | 0.50%        |
| 5                                          |     | 6,181.27                                               | 0.74%        |
| 6                                          |     | 3,946.15                                               | 1.00%        |
| 7                                          |     | 2,464.50                                               | 1.19%        |
| 8                                          |     | 1,417.45                                               | 0.88%        |
| 9                                          |     | 729.92                                                 | 1.73%        |
| 10-Smallest                                |     | 304.48                                                 | 4.47%        |
|                                            |     |                                                        |              |
| SJG - Common Equity                        | [4] | 1,625.49                                               | 1.19%        |
| Proxy Group Market Capitalization (median) | [5] | 5,659.42                                               | 0.74%        |
|                                            |     |                                                        |              |
| Size Premium                               | [8] |                                                        | 0.45%        |

### Notes:

[1] S&P Capital IQ Pro, equals 30-day average as of September 30, 2025

[2] Data provided by the Company

[3] Data provided by the Company

[4] Equals [2] x [3]

[5] Equals median market capitalization of proxy group x 1000

[6]-[7] Kroll Cost of Capital Navigator - Size Premium: Annual Data as of 12/31/2024

[8] Size Premium of the Company less Size Premium of Proxy Group



| PROJECTED CAPITAL EXPENDITURES AS A PERCENT OF 2024 NET PLANT<br>(\$ Millions) |            |            |            |            |            |            |                                              |      |
|--------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|----------------------------------------------|------|
|                                                                                | [1]        | [2]        | [3]        | [4]        | [5]        | [6]        | [7]                                          |      |
|                                                                                | 2024       | 2026       | 2027       | 2028       | 2029       | 2030       | Projected<br>Cap. Ex. /<br>2024<br>Net Plant | Rank |
| Atmos Energy Corporation                                                       | ATO        |            |            |            |            |            |                                              |      |
| Capital Spending per Share                                                     |            | \$22.75    | \$22.18    | \$21.60    | \$21.60    | \$21.60    |                                              |      |
| Common Shares Outstanding                                                      |            | 167        | 176        | 185        | 185        | 185        |                                              |      |
| Capital Expenditures                                                           |            | \$3,799.25 | \$3,902.80 | \$3,996.00 | \$3,996.00 | \$3,996.00 | 88.7%                                        | 6    |
| Net Plant                                                                      | \$22,204.0 |            |            |            |            |            |                                              |      |
| NiSource Inc.                                                                  | NI         |            |            |            |            |            |                                              |      |
| Capital Spending per Share                                                     |            | \$6.00     | \$6.50     | \$7.00     | \$7.00     | \$7.00     |                                              |      |
| Common Shares Outstanding                                                      |            | 500        | 513        | 525        | 525        | 525        |                                              |      |
| Capital Expenditures                                                           |            | \$3,000.00 | \$3,331.25 | \$3,675.00 | \$3,675.00 | \$3,675.00 | 67.4%                                        | 4    |
| Net Plant                                                                      | \$25,750.0 |            |            |            |            |            |                                              |      |
| Northwest Natural Gas Company                                                  | NWN        |            |            |            |            |            |                                              |      |
| Capital Spending per Share                                                     |            | \$10.00    | \$10.75    | \$11.50    | \$11.50    | \$11.50    |                                              |      |
| Common Shares Outstanding                                                      |            | 45         | 48         | 50         | 50         | 50         |                                              |      |
| Capital Expenditures                                                           |            | \$450.00   | \$510.63   | \$575.00   | \$575.00   | \$575.00   | 71.6%                                        | 5    |
| Net Plant                                                                      | \$3,750.0  |            |            |            |            |            |                                              |      |
| ONE Gas, Inc.                                                                  | OGS        |            |            |            |            |            |                                              |      |
| Capital Spending per Share                                                     |            | \$11.60    | \$11.38    | \$11.15    | \$11.15    | \$11.15    |                                              |      |
| Common Shares Outstanding                                                      |            | 63         | 67         | 70         | 70         | 70         |                                              |      |
| Capital Expenditures                                                           |            | \$730.80   | \$756.44   | \$780.50   | \$780.50   | \$780.50   | 57.6%                                        | 2    |
| Net Plant                                                                      | \$6,650.0  |            |            |            |            |            |                                              |      |
| Southwest Gas Corporation                                                      | SWX        |            |            |            |            |            |                                              |      |
| Capital Spending per Share                                                     |            | \$13.50    | \$14.00    | \$14.50    | \$14.50    | \$14.50    |                                              |      |
| Common Shares Outstanding                                                      |            | 73         | 74         | 75         | 75         | 75         |                                              |      |
| Capital Expenditures                                                           |            | \$985.50   | \$1,036.00 | \$1,087.50 | \$1,087.50 | \$1,087.50 | 65.2%                                        | 3    |
| Net Plant                                                                      | \$8,100.0  |            |            |            |            |            |                                              |      |
| South Jersey Gas                                                               | SJ         |            |            |            |            |            |                                              |      |
| Capital Expenditures [8]                                                       |            | \$285.80   | \$319.00   | \$274.90   | \$260.70   | \$237.70   | 40.2%                                        | 1    |
| Net Plant [9]                                                                  | \$3,431.0  |            |            |            |            |            |                                              |      |

Notes:

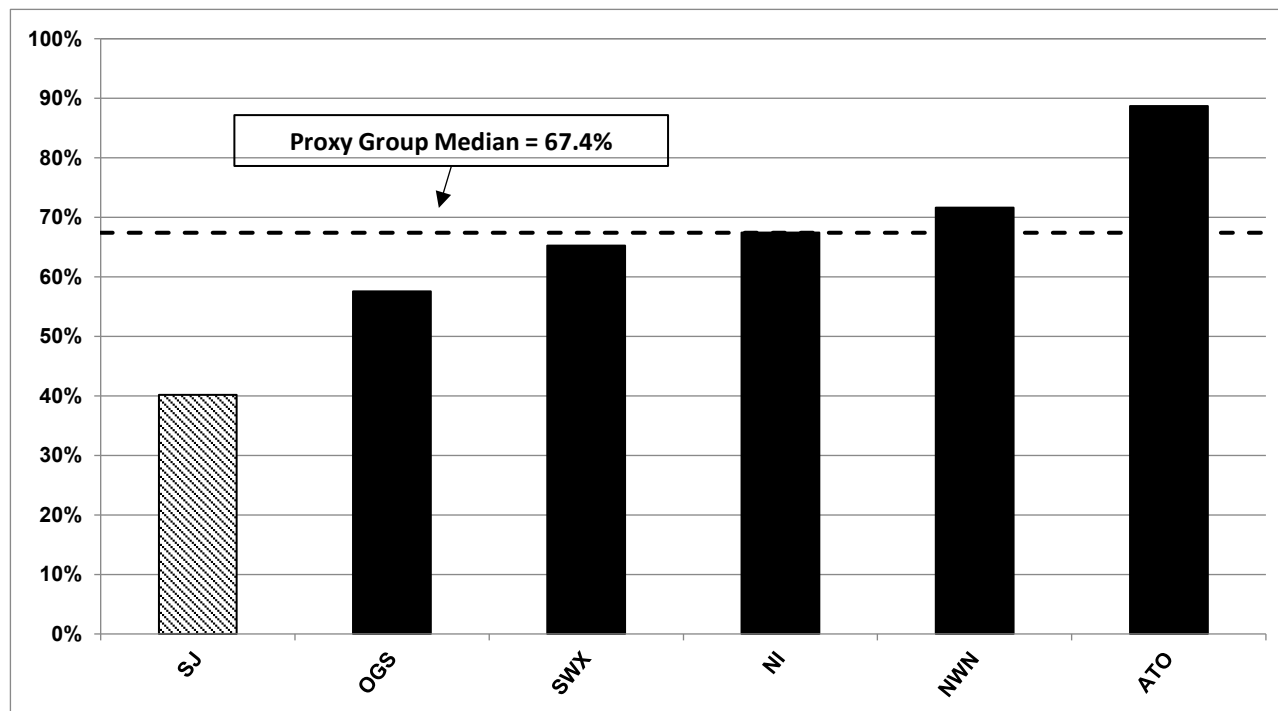
[1] - [6] Value Line, dated August 22, 2025

[7] Equals (Column [2] + [3] + [4] + [5] + [6]) / Column [1]

[8] Company Provided Data

[9] Company Provided Data

**PROJECTED CAPITAL EXPENDITURES AS A PERCENT OF 2024 NET PLANT**



**Projected CAPEX / 2024 Net Plant**

| Rank                            | Company                       | Percent   |
|---------------------------------|-------------------------------|-----------|
| 1                               | South Jersey Gas              | SJ 40.2%  |
| 2                               | ONE Gas, Inc.                 | OGS 57.6% |
| 3                               | Southwest Gas Corporation     | SWX 65.2% |
| 4                               | NiSource Inc.                 | NI 67.4%  |
| 5                               | Northwest Natural Gas Company | NWN 71.6% |
| 6                               | Atmos Energy Corporation      | ATO 88.7% |
| Proxy Group Median              |                               | 67.4%     |
| South Jersey Gas as % of Median |                               | 59.59%    |

Notes:  
Schedule AEB-10, pp. 1-2 col. [7]

| REGULATORY RISK ASSESSMENT    |        |              |              |                                              |                    |                        |                                           |        |
|-------------------------------|--------|--------------|--------------|----------------------------------------------|--------------------|------------------------|-------------------------------------------|--------|
| Company                       | Ticker | State        | Utility Type | Infrastructure<br>Cost Recovery<br>Mechanism |                    | Future<br>Test<br>Year | Revenue<br>Stabilization or<br>Decoupling |        |
| Atmos Energy Corporation      | ATO    | Colorado     | Gas          | Yes                                          |                    | Historical             | No                                        |        |
|                               | ATO    | Kansas       | Gas          | Yes                                          |                    | Historical             | No                                        |        |
|                               | ATO    | Kentucky     | Gas          | Yes                                          |                    | Fully Forecast         | Partial                                   |        |
|                               | ATO    | Louisiana    | Gas          | Yes                                          |                    | Historical             | FRP                                       |        |
|                               | ATO    | Mississippi  | Gas          | Yes                                          |                    | Historical             | FRP                                       |        |
|                               | ATO    | Tennessee    | Gas          | Yes                                          |                    | Fully Forecast         | FRP                                       |        |
|                               | ATO    | Texas        | Gas          | Yes                                          |                    | Historical             | FRP                                       |        |
|                               | ATO    | Virginia     | Gas          | Yes                                          |                    | Historical             | Partial                                   |        |
| NiSource Inc.                 | NI     | Indiana      | Electric     | Yes                                          |                    | Fully Forecast         | Partial                                   |        |
|                               | NI     | Indiana      | Gas          | Yes                                          |                    | Fully Forecast         | No                                        |        |
|                               | NI     | Kentucky     | Gas          | Yes                                          |                    | Fully Forecast         | Partial                                   |        |
|                               | NI     | Maryland     | Gas          | Yes                                          |                    | Partially Forecast     | Partial                                   |        |
|                               | NI     | Ohio         | Gas          | Yes                                          |                    | Partially Forecast     | SFV                                       |        |
|                               | NI     | Pennsylvania | Gas          | Yes                                          |                    | Fully Forecast         | Partial                                   |        |
|                               | NI     | Virginia     | Gas          | Yes                                          |                    | Historical             | Partial                                   |        |
| Northwest Natural Gas Company | NWN    | Oregon       | Gas          | No                                           |                    | Fully Forecast         | Partial                                   |        |
|                               | NWN    | Washington   | Gas          | No                                           |                    | Historical             | No                                        |        |
| ONE Gas, Inc.                 | OGS    | Kansas       | Gas          | Yes                                          |                    | Historical             | Partial                                   |        |
|                               | OGS    | Oklahoma     | Gas          | No                                           |                    | Historical             | FRP                                       |        |
|                               | OGS    | Texas        | Gas          | Yes                                          |                    | Historical             | FRP                                       |        |
| SJW Group                     | SJW    | California   | Water        | Yes                                          |                    | Fully Forecast         | Full                                      |        |
|                               | SJW    | Connecticut  | Water        | Yes                                          |                    | Fully Forecast         | Full                                      |        |
|                               | SJW    | Maine        | Water        | Yes                                          |                    | Historical             | No                                        |        |
|                               | SJW    | Texas        | Water        | No                                           |                    | Historical             | No                                        |        |
| Southwest Gas Corporation     | SWX    | Arizona      | Gas          | No                                           |                    | Historical             | Full                                      |        |
|                               | SWX    | California   | Gas          | No                                           |                    | Fully Forecast         | Full                                      |        |
|                               | SWX    | Nevada       | Gas          | Yes                                          |                    | Historical             | Full                                      |        |
|                               |        |              |              |                                              |                    |                        |                                           |        |
| Proxy Group Totals            |        |              | Yes          | 21                                           | Historical         | 15                     | Full                                      | 5      |
|                               |        |              | No           | 6                                            | Fully Forecast     | 10                     | Partial                                   | 9      |
|                               |        |              |              |                                              | Partially Forecast | 2                      | FRP                                       | 6      |
|                               |        |              |              |                                              |                    |                        | SFV                                       | 1      |
|                               |        |              |              |                                              |                    |                        | No                                        | 6      |
|                               |        |              |              |                                              |                    |                        |                                           |        |
|                               |        |              |              | 77.78%                                       | FTY                | 44.44%                 | RSM                                       | 77.78% |
|                               |        |              |              |                                              |                    |                        |                                           |        |
| South Jersey Gas              |        | New Jersey   | Gas          | Yes                                          |                    | Partially Forecast     | Partial                                   |        |



**COMPARISON OF  
RRA JURISDICTIONAL RANKINGS**

| Ultimate Parent Company       | Jurisdiction      | [1]                              | [2]          |
|-------------------------------|-------------------|----------------------------------|--------------|
|                               |                   | RRA                              |              |
|                               |                   | Rank                             | Numeric Rank |
| Atmos Energy Corporation      | Colorado          | Average/1                        | 4            |
|                               | Kansas            | Average/3                        | 6            |
|                               | Kentucky          | Average/2                        | 5            |
|                               | Louisiana (PSC)   | Average/2                        | 5            |
|                               | Mississippi       | Above Average/3                  | 3            |
|                               | Tennessee         | Above Average/3                  | 3            |
|                               | Texas (RRC)       | Average/1                        | 4            |
|                               | Virginia          | Average/1                        | 4            |
| NiSource Inc.                 | Indiana           | Average/1                        | 4            |
|                               | Kentucky          | Average/2                        | 5            |
|                               | Maryland          | Below Average/3                  | 9            |
|                               | Ohio              | Average/1                        | 4            |
|                               | Pennsylvania      | Above Average/2                  | 2            |
|                               | Virginia          | Average/1                        | 4            |
|                               | Washington        | Average/3                        | 6            |
| Northwest Natural Gas Company | Oregon            | Average/3                        | 6            |
|                               | Washington        | Average/3                        | 6            |
| ONE Gas, Inc.                 | Kansas            | Average/3                        | 6            |
|                               | Oklahoma          | Average/3                        | 6            |
|                               | Texas (RRC)       | Average/1                        | 4            |
| Southwest Gas Corporation     | Arizona           | Below Average/2                  | 8            |
|                               | California        | Average/2                        | 5            |
|                               | Nevada            | Average/1                        | 4            |
| <b>Proxy Group Average</b>    |                   | <b>Average 1 -<br/>Average/2</b> | <b>4.86</b>  |
| <b>South Jersey Gas</b>       | <b>New Jersey</b> | <b>Average/3</b>                 | <b>6</b>     |

Notes

[1] State Regulatory Evaluations, Regulatory Research Associates, July 15, 2025.

[2] AA/1= 1, AA/2= 2, AA/3= 3, A/1= 4, A/2= 5, A/3=6, BA/1= 7, BA/2= 8, BA/3= 9

**COMPARISON OF  
S&P JURISDICTIONAL RANKINGS**

| Ultimate Parent Company       | Jurisdiction  | [1]<br>S&P<br>Rank                                   | [2]<br>Numeric Rank |
|-------------------------------|---------------|------------------------------------------------------|---------------------|
|                               |               |                                                      |                     |
| Atmos Energy Corporation      | Colorado      | Very credit supportive                               | 3                   |
|                               | Kansas        | Highly credit supportive                             | 2                   |
|                               | Kentucky      | Most credit supportive                               | 1                   |
|                               | Louisiana     | Highly credit supportive                             | 2                   |
|                               | Mississippi   | Very credit supportive                               | 3                   |
|                               | Tennessee     | Highly credit supportive                             | 2                   |
|                               | Texas (RRC)   | Highly credit supportive                             | 2                   |
|                               | Virginia      | Highly credit supportive                             | 2                   |
| NiSource Inc.                 | Indiana       | Highly credit supportive                             | 2                   |
|                               | Kentucky      | Most credit supportive                               | 1                   |
|                               | Maryland      | Very credit supportive                               | 3                   |
|                               | Ohio          | Very credit supportive                               | 3                   |
|                               | Pennsylvania  | Highly credit supportive                             | 2                   |
|                               | Virginia      | Highly credit supportive                             | 2                   |
|                               | West Virginia | Highly credit supportive                             | 2                   |
| Northwest Natural Gas Company | Oregon        | More credit supportive                               | 4                   |
|                               | Washington    | Very credit supportive                               | 3                   |
| ONE Gas, Inc.                 | Kansas        | Highly credit supportive                             | 2                   |
|                               | Oklahoma      | Very credit supportive                               | 3                   |
|                               | Texas (RRC)   | Highly credit supportive                             | 2                   |
| Southwest Gas Corporation     | Arizona       | Very credit supportive                               | 3                   |
|                               | California    | More credit supportive                               | 4                   |
|                               | Nevada        | Very credit supportive                               | 3                   |
| Proxy Group Average           |               | Highly credit supportive -<br>Very credit supportive | 2.45                |
| South Jersey Gas              | New Jersey    | More credit supportive                               | 4                   |

Notes

[1] S&P Global Ratings, North American Utilities Regulatory Jurisdictions Update: Missouri and Arizona

[2] Most Credit Supp. = 1, Highly Credit Supp. = 2, Very Credit Supp. = 3, More Credit Supp. = 4, Credit Supp. =

# CAPITAL STRUCTURE ANALYSIS

| Proxy Group Company           | COMMON EQUITY RATIO [1] |        |        |        |           |
|-------------------------------|-------------------------|--------|--------|--------|-----------|
|                               | Ticker                  | 2023   | 2022   | 2021   | 3-yr Avg. |
| Atmos Energy Corporation      | ATO                     | 60.20% | 60.01% | 59.88% | 60.03%    |
| NiSource Inc.                 | NI                      | 55.44% | 54.17% | 54.85% | 54.82%    |
| Northwest Natural Gas Company | NWN                     | 47.26% | 51.21% | 49.57% | 49.35%    |
| ONE Gas, Inc.                 | OGS                     | 70.68% | 58.24% | 61.09% | 63.34%    |
| Southwest Gas Corporation     | SWX                     | 47.45% | 43.96% | 48.05% | 46.49%    |
| Proxy Group                   |                         |        |        |        |           |
| MEAN                          |                         | 55.70% | 55.17% | 54.77% | 55.21%    |
| LOW                           |                         | 47.26% | 43.96% | 48.05% | 46.49%    |
| HIGH                          |                         | 70.68% | 61.42% | 61.09% | 63.34%    |

## COMMON EQUITY RATIO - UTILITY OPERATING COMPANIES

| Company Name                                | Ticker | 2023    | 2022   | 2021   | 3-yr Avg. |
|---------------------------------------------|--------|---------|--------|--------|-----------|
| Atmos Energy Corporation                    | ATO    | 60.20%  | 60.01% | 59.88% | 60.03%    |
| Northern Indiana Public Service Company LLC | NI     | 59.26%  | 56.92% | 58.59% | 58.26%    |
| Columbia Gas of Kentucky, Inc.              | NI     | 53.66%  | 54.91% | 53.87% | 54.15%    |
| Columbia Gas of Maryland, Inc.              | NI     | 52.00%  | 51.96% | 55.26% | 53.07%    |
| Columbia Gas of Ohio, Inc.                  | NI     | 50.50%  | 50.67% | 50.79% | 50.65%    |
| Columbia Gas of Pennsylvania, Inc.          | NI     | 55.88%  | 56.64% | 56.05% | 56.19%    |
| Columbia Gas of Virginia, Inc.              | NI     | 45.25%  | 44.25% | 44.52% | 44.67%    |
| Northwest Natural Gas Company               | NWN    | 47.26%  | 51.21% | 49.57% | 49.35%    |
| Kansas Gas Service Company, Inc.            | OGS    | 60.44%  | 58.37% | 61.37% | 60.06%    |
| Oklahoma Natural Gas Company                | OGS    | 60.46%  | 58.26% | 60.99% | 59.90%    |
| Texas Gas Service Company, Inc.             | OGS    | 100.00% | 58.13% | 60.98% | 73.04%    |
| Southwest Gas Corporation                   | SWX    | 47.45%  | 43.96% | 48.05% | 46.49%    |

### Notes:

Subsidiaries.

[2] Natural Gas and Water operating subsidiaries where data was unable to be obtained for 2023, 2022 and 2021 were

# CAPITAL STRUCTURE ANALYSIS

| Proxy Group Company           | LONG-TERM DEBT RATIO [1] |        |        |        |           |
|-------------------------------|--------------------------|--------|--------|--------|-----------|
|                               | Ticker                   | 2023   | 2022   | 2021   | 3-yr Avg. |
| Atmos Energy Corporation      | ATO                      | 39.80% | 39.99% | 40.12% | 39.97%    |
| NiSource Inc.                 | NI                       | 44.56% | 45.83% | 45.15% | 45.18%    |
| Northwest Natural Gas Company | NWN                      | 52.74% | 48.79% | 50.43% | 50.65%    |
| ONE Gas, Inc.                 | OGS                      | 29.32% | 41.76% | 38.91% | 36.66%    |
| Southwest Gas Corporation     | SWX                      | 52.55% | 56.04% | 51.95% | 53.51%    |
| Proxy Group                   |                          |        |        |        |           |
| MEAN                          |                          | 44.28% | 44.80% | 45.20% | 44.76%    |
| LOW                           |                          | 29.32% | 38.26% | 38.91% | 36.66%    |
| HIGH                          |                          | 52.74% | 56.04% | 51.95% | 53.51%    |

| LONG-TERM DEBT RATIO - UTILITY OPERATING COMPANIES |        |        |        |        |           |
|----------------------------------------------------|--------|--------|--------|--------|-----------|
| Company Name                                       | Ticker | 2023   | 2022   | 2021   | 3-yr Avg. |
| Atmos Energy Corporation                           | ATO    | 39.80% | 39.99% | 40.12% | 39.97%    |
| Northern Indiana Public Service Company LLC        | NI     | 40.74% | 43.08% | 41.41% | 41.74%    |
| Columbia Gas of Kentucky, Inc.                     | NI     | 46.34% | 45.09% | 46.13% | 45.85%    |
| Columbia Gas of Maryland, Inc.                     | NI     | 48.00% | 48.04% | 44.74% | 46.93%    |
| Columbia Gas of Ohio, Inc.                         | NI     | 49.50% | 49.33% | 49.21% | 49.35%    |
| Columbia Gas of Pennsylvania, Inc.                 | NI     | 44.12% | 43.36% | 43.95% | 43.81%    |
| Columbia Gas of Virginia, Inc.                     | NI     | 54.75% | 55.75% | 55.48% | 55.33%    |
| Northwest Natural Gas Company                      | NWN    | 52.74% | 48.79% | 50.43% | 50.65%    |
| Kansas Gas Service Company, Inc.                   | OGS    | 39.56% | 41.63% | 38.63% | 39.94%    |
| Oklahoma Natural Gas Company                       | OGS    | 39.54% | 41.74% | 39.01% | 40.10%    |
| Texas Gas Service Company, Inc.                    | OGS    | 0.00%  | 41.87% | 39.02% | 26.96%    |
| Southwest Gas Corporation                          | SWX    | 52.55% | 56.04% | 51.95% | 53.51%    |

## Notes:

[1] Ratios are weighted by actual common capital, preferred equity, long-term debt and short-term debt of Operating

[2] Natural Gas and Water operating subsidiaries where data was unable to be obtained for 2023, 2022 and 2021 were

**CAPITAL STRUCTURE ANALYSIS**

| Proxy Group Company           | PREFERRED EQUITY RATIO [1] |       |       |       |           |
|-------------------------------|----------------------------|-------|-------|-------|-----------|
|                               | Ticker                     | 2023  | 2022  | 2021  | 3-yr Avg. |
| Atmos Energy Corporation      | ATO                        | 0.00% | 0.00% | 0.00% | 0.00%     |
| NiSource Inc.                 | NI                         | 0.00% | 0.00% | 0.00% | 0.00%     |
| Northwest Natural Gas Company | NWN                        | 0.00% | 0.00% | 0.00% | 0.00%     |
| ONE Gas, Inc.                 | OGS                        | 0.00% | 0.00% | 0.00% | 0.00%     |
| Southwest Gas Corporation     | SWX                        | 0.00% | 0.00% | 0.00% | 0.00%     |
| Proxy Group                   |                            |       |       |       |           |
| MEAN                          |                            | 0.03% | 0.03% | 0.03% | 0.03%     |
| LOW                           |                            | 0.00% | 0.00% | 0.00% | 0.00%     |
| HIGH                          |                            | 0.29% | 0.32% | 0.33% | 0.31%     |

**PREFERRED EQUITY RATIO - UTILITY OPERATING COMPANIES**

| Company Name                                | Ticker | 2023  | 2022  | 2021  | 3-yr Avg. |
|---------------------------------------------|--------|-------|-------|-------|-----------|
| Atmos Energy Corporation                    | ATO    | 0.00% | 0.00% | 0.00% | 0.00%     |
| Northern Indiana Public Service Company LLC | NI     | 0.00% | 0.00% | 0.00% | 0.00%     |
| Columbia Gas of Kentucky, Inc.              | NI     | 0.00% | 0.00% | 0.00% | 0.00%     |
| Columbia Gas of Maryland, Inc.              | NI     | 0.00% | 0.00% | 0.00% | 0.00%     |
| Columbia Gas of Ohio, Inc.                  | NI     | 0.00% | 0.00% | 0.00% | 0.00%     |
| Columbia Gas of Pennsylvania, Inc.          | NI     | 0.00% | 0.00% | 0.00% | 0.00%     |
| Columbia Gas of Virginia, Inc.              | NI     | 0.00% | 0.00% | 0.00% | 0.00%     |
| Northwest Natural Gas Company               | NWN    | 0.00% | 0.00% | 0.00% | 0.00%     |
| Kansas Gas Service Company, Inc.            | OGS    | 0.00% | 0.00% | 0.00% | 0.00%     |
| Oklahoma Natural Gas Company                | OGS    | 0.00% | 0.00% | 0.00% | 0.00%     |
| Texas Gas Service Company, Inc.             | OGS    | 0.00% | 0.00% | 0.00% | 0.00%     |
| Southwest Gas Corporation                   | SWX    | 0.00% | 0.00% | 0.00% | 0.00%     |

Notes:

[1] Ratios are weighted by actual common capital, preferred equity, long-term debt and short-term debt of Operating

[2] Natural Gas and Water operating subsidiaries where data was unable to be obtained for 2023, 2022 and 2021 were



Cost of Long-Term Debt

| Series                                    | Issuance<br>Date | Maturity<br>Date | Interest<br>Rate | Principal<br>Amount<br>@ Issuance | Moody's<br>A Utility<br>Bond Index | Moody's<br>Baa Utilty<br>Bond Index |
|-------------------------------------------|------------------|------------------|------------------|-----------------------------------|------------------------------------|-------------------------------------|
| Direct                                    |                  |                  |                  |                                   |                                    |                                     |
| 5.550% MED TERM NOTE DUE 7/2033           | 07/16/03         | 07/15/33         | 5.64%            | \$ 32,000,000                     | 6.56%                              | 6.63%                               |
| 6.213% MED TERM NOTE DUE 8/2034           | 08/01/04         | 08/01/34         | 6.28%            | \$ 10,000,000                     | 6.25%                              | 6.62%                               |
| 5.450% MED TERM NOTE DUE 9/2035           | 09/13/05         | 09/14/35         | 5.59%            | \$ 10,000,000                     | 5.47%                              | 5.79%                               |
| 4.930% MED TERM NOTE DUE 6/2026           | 06/30/10         | 06/30/26         | 4.94%            | \$ 3,083,000                      | 5.21%                              | 6.00%                               |
| 4.030% MED TERM NOTE DUE 12/2027          | 12/30/10         | 12/30/27         | 4.04%            | \$ 920,000                        | 5.54%                              | 6.02%                               |
| 3.280% MED TERM-NOTE DUE 04/2030          | 04/16/20         | 04/16/30         | 3.29%            | \$ 64,400,000                     | 2.93%                              | 3.58%                               |
| 3.930% MED TERM-NOTE DUE 04/2050          | 04/16/20         | 04/16/50         | 3.96%            | \$ 15,100,000                     | 2.93%                              | 3.58%                               |
| 4.97% MED TERM-NOTE DUE 06/2028           | 05/18/23         | 06/01/28         | 4.99%            | \$ 250,000,000                    | 5.44%                              | 5.79%                               |
| 4.99% MED TERM-NOTE DUE 06/2026           | 05/18/23         | 06/01/26         | 5.00%            | \$ 100,000,000                    | 5.44%                              | 5.79%                               |
| 5.04% MED TERM-NOTE DUE 06/2030           | 05/18/23         | 06/01/30         | 5.06%            | \$ 250,000,000                    | 5.44%                              | 5.79%                               |
| 5.21% MED TERM-NOTE DUE 06/2033           | 05/18/23         | 06/01/33         | 5.23%            | \$ 100,000,000                    | 5.44%                              | 5.79%                               |
| 5.21% MED TERM-NOTE DUE 08/2033           | 08/15/23         | 08/15/33         | 5.22%            | \$ 110,000,000                    | 5.75%                              | 6.06%                               |
| 5.31% MED TERM-NOTE DUE 06/2035           | 05/18/23         | 06/01/35         | 5.33%            | \$ 50,000,000                     | 5.44%                              | 5.79%                               |
| 5.41% MED TERM-NOTE DUE 06/2038           | 05/18/23         | 06/01/38         | 5.43%            | \$ 50,000,000                     | 5.44%                              | 5.79%                               |
| 5.52% MED TERM-NOTE DUE 06/2043           | 05/18/23         | 06/01/43         | 5.54%            | \$ 50,000,000                     | 5.44%                              | 5.79%                               |
| 5.45% MED TERM-NOTE DUE 06/2034           | 06/12/24         | 07/15/34         | 5.50%            | \$ 20,000,000                     | 5.59%                              | 5.80%                               |
| 5.65% MED TERM-NOTE DUE 06/2039           | 06/12/24         | 07/15/39         | 5.70%            | \$ 20,000,000                     | 5.59%                              | 5.80%                               |
| 5.80% MED TERM-NOTE DUE 06/2054           | 08/12/24         | 09/01/54         | 5.86%            | \$ 30,000,000                     | 5.46%                              | 5.69%                               |
| 5.80% MED TERM-NOTE DUE 06/2054           | 10/30/24         | 11/01/54         | 5.85%            | \$ 80,000,000                     | 5.50%                              | 5.71%                               |
| 5.34% SERIES I, 2025, TRANCH A, DUE 2035  | 08/14/25         | 08/15/35         | 5.34%            | \$ 75,000,000                     | 5.77%                              | 5.98%                               |
| 5.59% SERIES I, 2025, TRANCHE B, DUE 2040 | 10/15/25         | 10/15/40         | 5.59%            | \$ 60,000,000                     | 5.50%                              | 5.71%                               |
| 6.05% SERIES I, 2025, TRANCHE C, DUE 2055 | 10/15/25         | 10/15/55         | 6.05%            | \$ 65,000,000                     | 5.50%                              | 5.71%                               |
| JULY 2026 10-YEAR                         | *                | 08/01/35         | 5.44%            | \$ 50,000,000                     |                                    |                                     |
| JULY 2026 15-YEAR                         | *                | 08/01/40         | 5.69%            | \$ 50,000,000                     |                                    |                                     |
| JULY 2026 30-YEAR                         | *                | 08/01/55         | 6.11%            | \$ 30,000,000                     |                                    |                                     |
|                                           |                  |                  |                  | \$ 1,472,420,000                  |                                    |                                     |

| Cost<br>@ Issuance | Cost at Moody's<br>A Utility<br>Bond Index | Cost at Moody's<br>BAA Utility<br>Bond Index |
|--------------------|--------------------------------------------|----------------------------------------------|
| \$ 1,806,193       | \$ 2,099,200                               | \$ 2,121,600                                 |
| \$ 627,982         | \$ 625,000                                 | \$ 662,000                                   |
| \$ 559,235         | \$ 547,000                                 | \$ 579,000                                   |
| \$ 152,424         | \$ 160,624                                 | \$ 184,980                                   |
| \$ 37,183          | \$ 50,968                                  | \$ 55,384                                    |
| \$ 2,120,727       | \$ 1,886,920                               | \$ 2,305,520                                 |
| \$ 597,233         | \$ 442,430                                 | \$ 540,580                                   |
| \$ 12,463,629      | \$ 13,600,000                              | \$ 14,475,000                                |
| \$ 5,000,594       | \$ 5,440,000                               | \$ 5,790,000                                 |
| \$ 12,644,587      | \$ 13,600,000                              | \$ 14,475,000                                |
| \$ 5,230,131       | \$ 5,440,000                               | \$ 5,790,000                                 |
| \$ 5,744,786       | \$ 6,325,000                               | \$ 6,666,000                                 |
| \$ 2,665,596       | \$ 2,720,000                               | \$ 2,895,000                                 |
| \$ 2,716,141       | \$ 2,720,000                               | \$ 2,895,000                                 |
| \$ 2,771,720       | \$ 2,720,000                               | \$ 2,895,000                                 |
| \$ 1,099,037       | \$ 1,118,000                               | \$ 1,160,000                                 |
| \$ 1,139,563       | \$ 1,118,000                               | \$ 1,160,000                                 |
| \$ 1,757,828       | \$ 1,638,000                               | \$ 1,707,000                                 |
| \$ 4,681,102       | \$ 4,400,000                               | \$ 4,568,000                                 |
| \$ 4,005,000       | \$ 4,327,500                               | \$ 4,485,000                                 |
| \$ 3,354,000       | \$ 3,300,000                               | \$ 3,426,000                                 |
| \$ 3,932,500       | \$ 3,575,000                               | \$ 3,711,500                                 |
| \$ 2,720,000       | \$ -                                       | \$ -                                         |
| \$ 2,845,000       | \$ -                                       | \$ -                                         |
| \$ 1,833,000       | \$ -                                       | \$ -                                         |
| \$ 77,352,173      | \$ 77,853,642                              | \$ 82,547,564                                |
| 5.25%              | 5.29%                                      | 5.61%                                        |

Sources:  
Company Provided Data.  
Bloomberg Professional.  
For the Forecasted Private Placements, the Moody's Bond Indexes are as of September 30, 2025.

|                                                                                |       |        |
|--------------------------------------------------------------------------------|-------|--------|
| BCFF 30-Year Treasury Yield (3Q/2025)                                          | 4.84% |        |
| 30-Day Avg. 30-Year Treasury Yield                                             | 4.79% |        |
| 30-Day Avg. Moody's Baa-Rated Utility Bor<br>Spread                            | 5.86% | 1.07%  |
| Source: BCFF, Vol. 44, No. 11, October 31, 2025.                               |       |        |
| Projected New Long-Term Debt Issuance 7/                                       | 5.44% | 6.11%  |
| Estimated 30-day Avg. Moody's Baa-rated<br>Utility Bond Yield as of Issue Date | 5.91% | 5.91%  |
|                                                                                | 0.47% | -0.20% |

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**TIMOTHY S. LYONS**

**Cash Working Capital**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-7**

**November 25, 2025**

## TABLE OF CONTENTS

|             |                                                       |           |
|-------------|-------------------------------------------------------|-----------|
| <b>I.</b>   | <b>INTRODUCTION AND QUALIFICATIONS .....</b>          | <b>1</b>  |
| <b>II.</b>  | <b>OVERVIEW OF CWC.....</b>                           | <b>3</b>  |
| <b>III.</b> | <b>LEAD-LAG STUDY APPROACH .....</b>                  | <b>4</b>  |
| <b>A.</b>   | <b><i>REVENUE LAG</i> .....</b>                       | <b>4</b>  |
| <b>B.</b>   | <b><i>EXPENSE LEADS</i> .....</b>                     | <b>6</b>  |
| 1.          | OPERATION AND MAINTENANCE EXPENSES .....              | 6         |
| 2.          | CURRENT INCOME TAX EXPENSE .....                      | 11        |
| 3.          | TAXES OTHER THAN INCOME TAXES.....                    | 11        |
| 4.          | RETURN ON INVESTED CAPITAL AND INTEREST EXPENSES .... | 12        |
| 5.          | DEFERRED INCOME TAXES .....                           | 13        |
| 6.          | DEPRECIATION AND OTHER EXPENSE ITEMS .....            | 13        |
| <b>C.</b>   | <b><i>WORKING CAPITAL ADJUSTMENTS</i>.....</b>        | <b>13</b> |
| <b>IV.</b>  | <b>CONCLUSION .....</b>                               | <b>15</b> |



**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
TIMOTHY S. LYONS**

**I. INTRODUCTION AND QUALIFICATIONS**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Timothy S. Lyons. My business address is 1 Speen Street, Suite 150, Framingham, Massachusetts 01701.

**Q. PLEASE DESCRIBE YOUR CURRENT POSITION.**

A. I am a Partner at ScottMadden, Inc. ("ScottMadden").

**Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE AND QUALIFICATIONS.**

A. I have more than 30 years of experience in the energy industry. I started my career in 1985 at Boston Gas Company, eventually becoming Director of Rates and Revenue Analysis. In 1993, I moved to Providence Gas Company, eventually becoming Vice President of Marketing and Regulatory Affairs. Starting in 2001, I held several management consulting positions in the energy industry first at KEMA and then at Quantec, LLC. In 2005, I became Vice President of Sales and Marketing at Vermont Gas Systems, Inc. before joining Sussex Economic Advisors, LLC ("Sussex") in 2013. Sussex was acquired by ScottMadden in 2016.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I hold a bachelor's degree from St. Anselm College, a master's degree in economics from The Pennsylvania State University, and a master's degree in business administration from Babson College.

**Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THE NEW JERSEY BOARD OF PUBLIC UTILITIES (“BPU” OR “BOARD”)?**

**A.** Yes, I previously sponsored testimony before the Board. A summary of my testimony experience, along with my professional and educational experience, is included in Schedule TSL-1.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

**A.** The purpose of my testimony is to sponsor the results of the lead-lag study conducted on behalf of South Jersey Gas Company (“South Jersey” or the “Company”), a subsidiary of South Jersey Industries, Inc. The lead-lag study is submitted as part of the Company’s November 2025 base rate filing before the Board. The lead-lag study was used to determine the Company’s Cash Working Capital (“CWC”) requirement, which is included in the Company’s rate base.

**Q. ARE YOU SPONSORING ANY SCHEDULES IN CONNECTION WITH YOUR TESTIMONY?**

**A.** Yes. I am sponsoring the following schedules that were prepared by me or under my direction:

- Schedule TSL-1 – Qualifications;
- Schedule TSL-2 – Summary; and
- Schedule TSL-3 – Supporting Schedules.

1    **II.    OVERVIEW OF CWC**

2    **Q.    PLEASE DEFINE THE TERM “CASH WORKING CAPITAL” AS A RATE BASE**  
3    **COMPONENT.**

4    **A.**    The term “cash working capital” refers to the net funds required by the Company to finance  
5    goods and services used to provide service to customers from the time those goods and  
6    services are paid for by the Company to the time that payment is received from customers.  
7    Goods and services considered in the lead-lag study include: (1) operations and  
8    maintenance (“O&M”) expenses, including labor and non-labor expenses; (2) federal and  
9    state income taxes; and (3) taxes other than income taxes.

10   **Q.    HOW WAS THE COMPANY’S CWC REQUIREMENT DETERMINED?**

11   **A.**    The Company’s CWC requirement was determined by applying the results of the lead-lag  
12   study to forecast post-test year adjusted expenses. The lead-lag study compares differences  
13   between the Company’s revenue lag and expense leads. The revenue lag represents the  
14   number of days from the time customers receive their natural gas service to the time  
15   customers pay for their natural gas service, *i.e.*, when the funds are available to the  
16   Company. The longer the revenue lag, the more cash the Company needs to finance its  
17   day-to-day operations. The expense lead represents the number of days from the time the  
18   Company receives goods and services used to provide natural gas service to the time  
19   payments are made for those goods and services, *i.e.*, when the funds are no longer  
20   available to the Company. The longer the expense lead, the less cash the Company needs  
21   to fund its day-to-day operations. Together, the revenue lag and expense leads are used to  
22   measure the lead-lag days. The lead-lag days are then applied to the Company’s forecast  
23   post-test year adjusted expenses to derive the CWC requirement, which is included in the  
24   Company’s rate base.

1 Unless otherwise indicated, the approach to calculate the CWC requirement in this  
2 rate case filing is consistent with the approach used in the Company's 2022 Base Rate  
3 Case.<sup>1</sup>

4  
5 **III. LEAD-LAG STUDY APPROACH**

6 **Q. PLEASE DESCRIBE THE DATA USED IN THE LEAD-LAG STUDY.**

7 **A.** The lead-lag study was based on data from the period January 1, 2024 through December  
8 31, 2024. The data included: customer meter reading and billing schedules; O&M  
9 expenses; federal and state income taxes, and taxes other than income taxes. The data  
10 generally included service periods, payment dates, and payment amounts.

11 **A. REVENUE LAG**

12 **Q. PLEASE DESCRIBE DEVELOPMENT OF THE REVENUE LAG.**

13 **A.** The revenue lag measures the number of days from the time natural gas service is provided  
14 to customers to the time payment is received from customers. There are three categories  
15 of revenues that comprise the revenue lag: retail and industrial sales, off-system sales, and  
16 capacity release.

17 The largest revenue category is retail and industrial sales. This category includes  
18 revenues from firm, non-firm, and transportation customers. The revenue lag for retail and  
19 industrial sales was measured as the sum of three components: (1) the service lag; (2) the  
20 billing lag; and (3) the collection lag.

---

<sup>1</sup> *In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions*, BPU Docket No GR22040253, Order dated December 21, 2022 ("2022 Base Rate Case").

**Q. WHAT IS THE SERVICE LAG?**

**A.** The service lag measures the average number of days in the service period; *i.e.*, the time between the start and end of the billing month. Meters are read at the end of the billing month. The service lag in this lead-lag study was based on the midpoint of the service period, which reflects that natural gas is delivered evenly over the service period.

**Q. WHAT IS THE BILLING LAG?**

**A.** The billing lag measures the number of days from the time meters are read to the time bills are recorded and sent to customers. The billing lag includes time for review and validation of billed usage and dollars. The billing lag in this lead-lag study was based on the Company's meter reading schedule.

**Q. WHAT IS THE COLLECTION LAG?**

**A.** The collection lag measures the number of days from the time bills are recorded and sent to customers to the time customer payments are received (*i.e.*, funds are available to the Company). The collection lag in this lead-lag study was based on monthly accounts receivable balances and billed revenue data. This information was used to calculate the average time to receive customer payments.

The accounts receivable balance on the Company's books reflects two amounts: (1) amounts related to Company billings to customers; and (2) amounts related to marketer (or third-party, residential and commercial service suppliers) billings to customers. The amounts related to marketer billings reflect the Company's purchase of accounts receivables from marketers. To determine the collection lag for the Company's billings to

customers, the accounts receivable balance was adjusted to remove the amount related to the purchase of accounts receivable from marketers.

The adjustment is consistent with the approach in the prior lead-lag study, and reduces the collection lag.

**Q. WHAT IS THE REVENUE LAG FOR OFF-SYSTEM SALES AND CAPACITY RELEASE?**

**A.** The revenue lag for off-system sales and capacity release was measured for each bill as the number of days from the midpoint of the service period to the payment date, converted to “dollar-days” that reflects a weighting of the billed amounts, and then summed across all the billings.

**Q. WHAT IS THE TOTAL REVENUE LAG USED IN THE LEAD-LAG STUDY?**

**A.** The total revenue lag used in the lead-lag study is based on the revenue lags for retail and industrial sales, off-system sales, and capacity release, converted to “dollar-days” that reflects a weighting of the revenue amounts, and then summed across all revenues. Derivation of the revenue lag is shown in Schedule TSL-3, page 1.

**B. EXPENSE LEADS**

**1. OPERATION AND MAINTENANCE EXPENSES**

**Q. PLEASE DESCRIBE DEVELOPMENT OF LEAD DAYS FOR O&M EXPENSES.**

**A.** Lead days for O&M expenses were measured separately for the following categories: (1) purchased gas costs; (2) regular payroll; (3) variable compensation; (4) pension; (5) employee benefits; (6) uncollectible expenses; (7) affiliate services; (8) New Jersey Clean Energy Program; (9) select O&M expenses; and (10) other O&M expenses.

**Q. HOW WERE LEAD DAYS DETERMINED FOR PURCHASED GAS EXPENSES?**

**A.** Lead days for purchased gas costs were measured separately for the following categories: (a) flowing gas purchases; (b) liquefied natural gas (“LNG”) expenses, (c) Net LNG inventory withdrawals, (d) gas used by the Company, and (e) capacity release and hedges.

Lead days for flowing gas purchases were based on a review of the Company’s invoices. Lead days were measured as the number of days from the midpoint of the service period to the payment date.

The lead days for LNG expenses were based on the lead days for O&M expenses (as described below) because LNG expenses are primarily related to labor and electricity expenses, which are included in O&M expenses. The Company produces LNG through a liquefaction process that requires labor and electricity. This approach is consistent with the study filed in the 2022 Base Rate Case.

There are no lead days for LNG inventory withdrawals because LNG is deducted from inventory and charged to expense at the time LNG is withdrawn from storage.

Lead days for gas used by the Company was based on lead days for flowing gas purchases.

Lead days for capacity release and hedging expenses were measured as the number of days from the midpoint of the service period to the payment date. Since capacity release is a credit to the pipeline invoice, the lead days for capacity release expenses offset the revenue lag for capacity release revenues discussed earlier.

1 **Q. HOW WERE LEAD DAYS DETERMINED FOR REGULAR PAYROLL**  
2 **EXPENSES?**

3 **A.** Lead days for regular payroll expenses were based on the Company's payroll process,  
4 which pays employees on a bi-weekly basis. Lead days were measured as the number of  
5 days from the midpoint of each pay period to the payment date.

6 **Q. DID THE STUDY ADJUST FOR VARIABLE COMPENSATION EXPENSES?**

7 **A.** Yes. Lead days for the Company's variable compensation expenses were measured as the  
8 number of days from the midpoint of the performance period when the variable  
9 compensation was earned to the payment dates.

10 **Q. HOW WERE LEAD DAYS DETERMINED FOR PENSION PLAN PAYMENTS?**

11 **A.** Lead days for pension plan payments were based on the timing of the Company's  
12 contributions to the pension plan. Lead days were measured as the number of days from  
13 the midpoint of the service period to the contribution dates.

14 **Q. HOW WERE LEAD DAYS DETERMINED FOR EMPLOYEE BENEFITS?**

15 **A.** Lead days for employee benefit expenses were based on a review of the Company's  
16 payments for individual benefit items, including medical, dental, and 401(k) plans. Lead  
17 days were measured for each benefit item as the number of days from the midpoint of the  
18 service period to the payment date, converted to "dollar-days" to reflect a weighting of the  
19 expense amounts, and then summed across all benefit expenses.

20 **Q. HOW WERE LEAD DAYS DETERMINED FOR UNCOLLECTIBLE EXPENSES?**

21 **A.** Lead days for uncollectible expenses were based on the Company's approach to create a  
22 reserve account for uncollectible expenses prior to the actual write-off. Lead days were  
23 measured as the average uncollectible reserve balance over the past 13 months divided by  
24 the actual write-off expenses during the study period and then multiplied by 365 days.



**Q. HOW WERE LEAD DAYS DETERMINED FOR EXPENSES INCURRED FOR SERVICES PROVIDED BY AFFILIATES (“AFFILIATE SERVICES”)?**

**A.** Lead days for Affiliate Services expenses were based on the payment schedule. Affiliate Services payments are made in the month following the service period. Lead days for Affiliate Services expenses were measured as the number of days from midpoint of the service period to the payment date.

**Q. HOW WERE LEAD DAYS DETERMINED FOR NEW JERSEY CLEAN ENERGY PROGRAM EXPENSES?**

**A.** Lead days for New Jersey Clean Energy Program expenses were based on the payment schedule. Lead days for New Jersey Clean Energy Program expenses were measured as the number of days from midpoint of the service period to the payment date.

**Q. HOW WERE LEAD DAYS DETERMINED FOR SELECT O&M EXPENSES?**

**A.** The lead-lag study determined lead days for five O&M items based on a review and analysis of the service periods and payment dates. The five O&M items were similarly analyzed in the lead-lag study filed in the prior rate case. The O&M items are discussed below.

- Utility location markout services – lead days were measured as the number of days from midpoint of the service period to the payment date.
- Bank service fees – lead days were measured as the average monthly balance divided by the average daily expense.
- Motor vehicles – this item includes depreciation expense, which was assigned zero lead days (as discussed below), and other miscellaneous expenses, which were assigned other O&M lead days.

- Meter reading services – lead days were measured as the number of days from midpoint of the service period to the payment date.
- Insurance prepayment – this item was assigned zero lead days because insurance is deducted from a prepayment account at the time expenses are recorded.

**Q. HOW WERE LEAD DAYS DETERMINED FOR OTHER O&M EXPENSES?**

**A.** Lead days for Other O&M expenses were based on the sum of two components: (1) lead days from the service period to the invoice date; and (2) lead days from the invoice date to the payment date. The approach is consistent with the approach used in the Company's 2022 Base Rate Case.

Lead days from the service period to the invoice date were based on a stratified sample of invoices paid by the Company over the period January 1, 2024 through December 31, 2024. Lead days were measured for each invoice in the sample as the number of days from the midpoint of the service period to the invoice date. Invoices were then converted to "dollar days" to reflect a weighting by expense amount and then summed by invoice amounts to determine the lead days. The study relies on a sample of invoices to measure the lead days because the service periods are not readily available electronically and required detailed inspection of individual invoices.

Lead days from the invoice date to the payment date were based on the full population of invoices paid by the Company over the period January 1, 2024 through December 31, 2024. Lead days were measured for each invoice as the number of days from the invoice date to the payment date. Invoices were then converted to "dollar days" to reflect a weighting by expense amount and then summed by invoice amounts to determine the lead days. The study relies on a full population of invoices because the

1 invoice dates and payment dates are readily available electronically for the full population  
2 of invoices.

3 **2. CURRENT INCOME TAX EXPENSE**

4 **Q. HOW WERE LEAD DAYS DETERMINED FOR FEDERAL INCOME TAXES?**

5 **A.** Lead days for federal income taxes were based on due dates for tax payments: April 15,  
6 June 15, September 15, and December 15. Lead days for federal income taxes were  
7 measured as the number of days from the midpoint of the taxing period (*i.e.*, the calendar  
8 year) to the due dates. The study assumes the tax payments reflect equal installments.

9 **Q. HOW WERE LEAD DAYS DETERMINED FOR STATE INCOME TAXES?**

10 **A.** Lead days for state income taxes were based on due dates for tax payments: April 15, May  
11 15, and June 15. Lead days for state income taxes were measured as the number of days  
12 from the midpoint of the taxing period (*i.e.*, the calendar year) to the due dates. The study  
13 assumes the tax payments reflect the following installments: 25.0 percent in on April 15,  
14 50.0 percent due on May 15 and 25.0 percent due on June 15.

15 **3. TAXES OTHER THAN INCOME TAXES**

16 **Q. PLEASE DESCRIBE DEVELOPMENT OF LEAD DAYS FOR TAXES OTHER**  
17 **THAN INCOME TAXES?**

18 **A.** Lead days for Taxes Other Than Income Taxes were measured separately for the following  
19 categories: (1) payroll-related taxes (FICA, federal unemployment, and state  
20 unemployment); (2) real estate; (3) federal excise and sales and use taxes; and (4) New  
21 Jersey Public Utility Assessment and New Jersey Rate Counsel Assessment.

22 **Q. HOW WERE LEAD DAYS DETERMINED FOR EACH OF THESE TAXES?**

23 **A.** Lead days for FICA taxes were measured as the number of days from the midpoint of the  
24 applicable pay period to the payment date.

Lead days for federal and state unemployment taxes were measured as the number of days from the midpoint of the taxing period to the due date.

Lead days for real estate taxes were measured as the number of days from the midpoint of the taxing period to the payment date.

Lead days for federal excise and sales and use taxes were measured as the number of days from the midpoint of the taxing period to the payment date.

Lead days for New Jersey Public Utility Assessment and New Jersey Rate Counsel Assessment were measured as the number of days from the midpoint of the assessment period to the payment date.

#### **4. RETURN ON INVESTED CAPITAL AND INTEREST EXPENSES**

**Q. DID YOU CALCULATE AN EXPENSE LEAD FOR RETURN ON INVESTED CAPITAL AND INTEREST PAYMENTS?**

**A.** Yes. Consistent with the Board's practice, the return on invested capital is included in the lead-lag study.<sup>2</sup> A zero expense lead was assigned to the return on common equity, recognizing returns are earned and become the property of the utility's investors at the time services are rendered. A zero-expense lead was also assigned to interest payments on long-term debt which is also consistent with the Board's practice.<sup>3</sup>

---

<sup>2</sup> See "Order Adopting Initial Decision with Modifications and Clarifications," BPU Docket No. ER12111052, March 26, 2015, at 14.

<sup>3</sup> *Id.*

1 **Q. HOW WERE LEAD DAYS DETERMINED FOR INTEREST ON CUSTOMER**  
2 **DEPOSITS?**

3 **A.** Lead days for interest on customer deposits were measured as the midpoint of the service  
4 period of one year for Residential customers and of the service period of two years for  
5 Non-Residential customers.

6 **5. DEFERRED INCOME TAXES**

7 **Q. DID YOU INCLUDE DEFERRED INCOME TAXES IN THE LEAD-LAG STUDY?**

8 **A.** No. It has been the Board's practice to exclude deferred taxes from lead-lag studies.<sup>4</sup> As  
9 such, no deferred income taxes are included in the analysis. However, the Company has  
10 included excess deferred tax amortization with a zero expense lag because this item is  
11 deducted from rate base when the amortization amount is recognized.

12 **6. DEPRECIATION AND OTHER EXPENSE ITEMS**

13 **Q. PLEASE DESCRIBE HOW YOU CALCULATED LEAD DAYS FOR**  
14 **DEPRECIATION AND AMORTIZATION EXPENSES.**

15 **A.** Depreciation and amortization expenses are included with a zero lead days because these  
16 items are deducted from rate base when the expenses are recorded. This is consistent with  
17 the prior practice of the Board.<sup>5</sup>

18 **C. WORKING CAPITAL ADJUSTMENTS**

19 **Q. PLEASE DESCRIBE THE WORKING CAPITAL ADJUSTMENTS.**

20 **A.** There were twelve working capital adjustments to be included in rate base. The  
21 adjustments were consistent with those in the study filed in the prior rate case. The amounts  
22 are discussed below.

---

<sup>4</sup> *Id.*, at 13-14.

<sup>5</sup> *Id.*, at 13.

- 1           • Cash balance and working funds – represents cash on hand to pay expenses. The  
2           amount reflects a thirteen-month average of cash and working fund balances.
- 3           • General prepayments – represents payments in advance of when they are charged  
4           to expenses. The amount reflects a thirteen-month average of prepaid account  
5           balances.
- 6           • Prepaid energy sales and use tax – represents tax payments in advance of collection  
7           from customers. The amount reflects a thirteen-month average of prepaid energy  
8           sales and use tax balances.
- 9           • Universal Service Fund (“USF”)/ Lifeline reserve – represents payments in advance  
10          of collection from customers. The amount reflects a thirteen-month average of  
11          USF/ Lifeline reserves.
- 12          • Prepaid pension and postretirement healthcare – represents payments to a reserve  
13          in advance of when they are charged to expense. The amount reflects a thirteen-  
14          month average of prepaid pension and postretirement healthcare reserves.
- 15          • Accrued invoices and accrued payroll related to plant – represents materials and  
16          labor capitalized prior to the date it is actually paid. The amount reflects a thirteen-  
17          month average of material and labor expenses accrued but not yet paid.
- 18          • Vacation accrual and uninsured risk reserve – represents expenses recovered from  
19          customers but not yet paid out. Vacation accrual reflects a five-quarter average of  
20          accrued vacation. Uninsured risk reserve reflects a thirteen-month average of the  
21          reserve account.

- Marketer payment reserve – represents funds received from customers but not yet paid to marketers. The amount reflects a thirteen-month average of payments that are due to marketers.

**Q. PLEASE EXPLAIN TREATMENT OF EMPLOYEE DEDUCTIONS IN THE CALCULATION OF THE CASH WORKING CAPITAL REQUIREMENT.**

**A.** Employee deductions associated with the employee portion of payroll withholdings are a source of cash working capital to the Company from the time the employee deductions are withheld from employee payroll to the time employee deductions are used to pay for the items for which they were withheld. Therefore, miscellaneous employee deductions are deducted from the cash working capital requirement.

**IV. CONCLUSION**

**Q. WHAT WERE THE RESULTS OF THE LEAD-LAG STUDY?**

**A.** The results of the lead-lag study are included in Schedule TSL-2.

**Q. ARE THE RESULTS OF THIS LEAD-LAG STUDY REASONABLE?**

**A.** Yes, the study provides an accurate assessment of the Company's actual cash working capital requirements. The resulting cash working capital requirement should be included in the Company's rate base.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

**A.** Yes, it does.

### *Summary of Qualifications*

Tim Lyons is a partner with ScottMadden with more than 30 years of experience in the energy industry. Tim has held senior positions at several gas utilities and energy consulting firms. His experience includes rates and regulatory support, sales and marketing, customer service and strategy development. Prior to joining ScottMadden, Tim served as Vice President of Sales and Marketing for Vermont Gas. He has also served as Vice President of Marketing and Regulatory Affairs for Providence Gas Company, Director of Rates at Boston Gas Company, and Project Director at Quantec, LLC, an energy consulting firm.

Tim has sponsored testimony before more than 30 U.S. and Canadian regulatory agencies. Tim holds a bachelor's degree from St. Anselm College, a master's degree in economics from The Pennsylvania State University, and a master's degree in business administration from Babson College.

### *Areas of Specialization*

- Regulation and Rates
- Retail Energy
- Utilities
- Natural Gas

### *Capabilities*

- Regulatory Strategy and Rate Case Support
- Strategic and Business Planning
- Capital Project Planning
- Process Improvements

### *Articles and Speeches*

- "Country Strong: Vermont Gas shares its comprehensive effort to expand natural gas service into rural communities." **American Gas Association**, June 2011 (with Don Gilbert).
- "Talking Safety With Vermont Gas." **American Gas Association**, February 2009 (with Dave Attig).
- "Consumers Say 'Act Now' To Stabilize Prices." **Power & Gas Marketing**, September/ October 2001 (with Jim DeMetro and Gerry Yurkevich).
- "Rate Reclassification: Who Buys What and When." **Public Utilities Fortnightly**, October 15, 1991 (with John Martin).



| Sponsor                                                                                                  | Date  | Docket No.                  | Subject                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------|-------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Regulatory Commission of Alaska</b>                                                                   |       |                             |                                                                                                                                                                                                                                         |
| Cook Inlet Natural Gas Storage Alaska, LLC                                                               | 7/21  | Docket No. U-21-058         | Sponsored testimony supporting the lead-lag study/cash working capital requirement for a general rate case proceeding.                                                                                                                  |
| ENSTAR Natural Gas Company                                                                               | 06/16 | Docket No. U-16-066         | Adopted and sponsored testimony supporting a lead-lag study for a general rate case proceeding.                                                                                                                                         |
| <b>Arizona Corporation Commission</b>                                                                    |       |                             |                                                                                                                                                                                                                                         |
| Southwest Gas Corporation                                                                                | 02/24 | Docket No. G-01551A-23-0341 | Sponsored testimony supporting class cost of service, rate design and bill impact analysis for a general rate case proceeding.                                                                                                          |
| Southwest Gas Corporation                                                                                | 12/21 | Docket No. G-01551A-21-0368 | Sponsored testimony supporting class cost of service, rate design and bill impact analysis for a general rate case proceeding.                                                                                                          |
| <b>Arkansas Public Service Commission</b>                                                                |       |                             |                                                                                                                                                                                                                                         |
| Summit Utilities, Inc.                                                                                   | 01/24 | Docket No. 23-079-U         | Sponsored testimony supporting class cost of service, rate design and bill impact analysis for a general rate case proceeding.                                                                                                          |
| Liberty Utilities (The Empire District Electric Company)                                                 | 2/23  | Docket No. 22-085-U         | Sponsored testimony supporting the class cost of service, rate design, bill impact studies, and revenue decoupling for a general rate case proceeding.                                                                                  |
| Liberty Utilities (Pine Bluff Water)                                                                     | 10/18 | Docket No. 18-027-U         | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.                                                                                                             |
| <b>California Public Utilities Commission</b>                                                            |       |                             |                                                                                                                                                                                                                                         |
| Liberty Utilities (CalPeco Electric)                                                                     | 9/24  | Application No. 24-09-010   | Sponsored testimony supporting the marginal cost study, rate design and bill impact analysis for a general rate case proceeding.                                                                                                        |
| Liberty Utilities (Apple Valley Water)                                                                   | 01/24 | Application No. 24-01-0003  | Sponsored testimony supporting rate design studies for a general rate case proceeding.                                                                                                                                                  |
| Liberty Utilities (Park Water)                                                                           | 01/24 | Application No. 24-01-0002  | Sponsored testimony supporting rate design studies for a general rate case proceeding.                                                                                                                                                  |
| Bear Valley Electric Service, Inc.                                                                       | 10/22 | Application No. 22-08-010   | Sponsored testimony supporting marginal cost study, rate design and bill impact analysis for a general rate case proceeding.                                                                                                            |
| Liberty Utilities (CalPeco Electric)                                                                     | 5/21  | Application No. 21-05-017   | Sponsored testimony supporting the lead-lag study/cash working capital, marginal cost study, rate design and bill impact analysis for a general rate case proceeding.                                                                   |
| Southwest Gas Corporation (Southern California, Northern California, and South Lake Tahoe jurisdictions) | 8/19  | Application No. 19-08-015   | Sponsored testimony on behalf of three separate rate jurisdictions supporting revenue requirements, lead-lag/ cash working capital, and class cost of service, rate design and bill impact analysis for a general rate case proceeding. |
| <b>Colorado Public Utilities Commission</b>                                                              |       |                             |                                                                                                                                                                                                                                         |
| Colorado Natural Gas (Summit Utilities)                                                                  | 01/24 | Proceeding No. 23A-0570G    | Sponsored the Fully Distributed Cost (FDC) study in support of a Cost Assignment and Allocation Manual (CAAM) application.                                                                                                              |
| <b>Connecticut Public Utilities Regulatory Authority</b>                                                 |       |                             |                                                                                                                                                                                                                                         |
| Yankee Gas Company                                                                                       | 07/14 | Docket No. 13-06-02         | Sponsored report and testimony supporting the review and evaluation of gas expansion policies, procedures, and analysis.                                                                                                                |
| <b>Delaware Public Service Commission</b>                                                                |       |                             |                                                                                                                                                                                                                                         |
| Artesian Water Company                                                                                   | 04/25 | Docket No. 25-0346          | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.                                                                                                             |
| Tidewater Utilities, Inc                                                                                 | 08/24 | Docket No. 24-0991          | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.                                                                                                             |
| Artesian Water Company                                                                                   | 04/23 | Docket No. 23-0601          | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding.                                                                                                             |

| Sponsor                                                | Date  | Docket No.                               | Subject                                                                                                                                                                                                                                                         |
|--------------------------------------------------------|-------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Illinois Commerce Commission</b>                    |       |                                          |                                                                                                                                                                                                                                                                 |
| Ameren Illinois Company d/b/a Ameren Illinois          | 6/24  | Docket 22-0487/ 23-0082/ 24-0238 (cons.) | Sponsored rebuttal testimony supporting a marginal cost study for a Multi-Year Integrated Grid Plan (Grid Plan) proceeding.                                                                                                                                     |
| Liberty Utilities (Midstates Natural Gas)              | 12/23 | Docket No. 23-0380                       | Sponsored testimony supporting cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.                                                                                                                               |
| Ameren Illinois Company d/b/a Ameren Illinois          | 1/23  | Docket No. 22-0487                       | Sponsored testimony supporting a Multi-Year Integrated Grid Plan (Grid Plan). Prepared research and analysis evaluating the reasonableness of the Grid Plan through comparison to how other electric utilities have responded to the changing energy landscape. |
| Liberty Utilities (Midstates Natural Gas)              | 07/16 | Docket No. 16-0401                       | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding. The testimony includes proposal for new commercial classes and a decoupling mechanism.                                              |
| <b>Iowa Utilities Board</b>                            |       |                                          |                                                                                                                                                                                                                                                                 |
| Liberty Utilities (Midstates Natural Gas)              | 07/16 | Docket No. RPU-2016-0003                 | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding. The testimony includes proposal for new commercial classes.                                                                         |
| <b>Kansas Corporation Commission</b>                   |       |                                          |                                                                                                                                                                                                                                                                 |
| The Empire District Electric Company                   | 12/18 | Docket No. 19-EPDE-223-RTS               | Sponsored testimony supporting cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.                                                                                                                               |
| <b>Kentucky Public Service Commission</b>              |       |                                          |                                                                                                                                                                                                                                                                 |
| Kentucky Utilities Company                             | 05/25 | Case No 2025-00113                       | Sponsored testimony supporting cost of service and rate design studies for a general rate case proceeding.                                                                                                                                                      |
| Louisville Gas and Electric Company                    | 05/25 | Case No 2025-00114                       | Sponsored testimony supporting cost of service and rate design studies for a general rate case proceeding.                                                                                                                                                      |
| Bluegrass Water Utility (Central States Water Company) | 02/23 | Case No. 2022-00432                      | Sponsored testimony supporting the rate design and bill impact studies for a general rate case proceeding.                                                                                                                                                      |
| <b>Maine Public Utilities Commission</b>               |       |                                          |                                                                                                                                                                                                                                                                 |
| Maine Water Company                                    | 12/24 | Docket No. 2024-00378                    | Sponsored testimony supporting a two-phased approach to consolidate or unify rate schedules for 10 water utility divisions.                                                                                                                                     |
| Maine Water Company                                    | 10/24 | Docket No. 2024-00291                    | Sponsored testimony supporting the class cost of service, rate design, and bill impact studies for a general rate case proceeding for the Camden and Rockland Division.                                                                                         |
| Calpine Corporation and Casco Bay Energy Company       | 10/24 | Docket No. 2024-00137                    | Sponsored testimony regarding ratemaking treatment of Net Energy Billing stranded cost rate design.                                                                                                                                                             |
| Northern Utilities, Inc. d/b/a Unitol                  | 05/23 | Docket No. 2023-00051                    | Sponsored testimony supporting a marginal cost study, class cost of service study, rate design and customer bill impact for a general rate case proceeding.                                                                                                     |
| Maine Water Company                                    | 03/21 | Docket No. 2021-00053                    | Sponsored testimony supporting a proposed rate smoothing mechanism.                                                                                                                                                                                             |
| Northern Utilities, Inc. d/b/a Unitol                  | 06/19 | Docket No. 2019-00092                    | Sponsored testimony supporting a proposed capital investment cost recovery mechanism.                                                                                                                                                                           |
| Northern Utilities, Inc. d/b/a Unitol                  | 06/15 | Docket No. 2015-00146                    | Sponsored testimony supporting the proposed gas expansion program, including a zone area surcharge.                                                                                                                                                             |
| <b>Maryland Public Service Commission</b>              |       |                                          |                                                                                                                                                                                                                                                                 |
| The Potomac Edison Company (FirstEnergy)               | 03/23 | Case No. 9695                            | Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.                                                                                                                     |

| Sponsor                                                                                | Date  | Docket No.              | Subject                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------|-------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sandpiper Energy, a Chesapeake Utilities company                                       | 12/15 | Case No. 9410           | Sponsored testimony supporting the cost of service, rate design and bill impact studies for a general rate case proceeding. The testimony includes proposal for new residential and commercial classes.                                                                                                                                                                              |
| <b>Massachusetts Department of Public Utilities</b>                                    |       |                         |                                                                                                                                                                                                                                                                                                                                                                                      |
| Berkshire Gas Company, Eversource Energy, Liberty Utilities, National Grid, and Unitil | 03/22 | Docket No. DPU 20-80    | Sponsored report that summarizes research, findings, and recommendations for regulatory mechanisms, methodologies, and policies that support Massachusetts's achievement of its net zero climate goal by 2050. The regulatory designs were informed by the results of quantitative and qualitative analysis of decarbonization pathways to achieve the Commonwealth's climate goals. |
| Liberty Utilities (New England Gas Company)                                            | 08/20 | Docket No. DPU 20-92    | Sponsored the Long-Range Forecast and Supply Plan filing for the five-year forecast period 2020/2021 through 2024/2025.                                                                                                                                                                                                                                                              |
| Eversource Energy, National Grid, and Unitil                                           | 02/20 | Docket No. DPU 19-55    | Sponsored report that summarizes research and evaluation of funding approaches for infrastructure modifications that interconnect Distributed Generation (DG) projects.                                                                                                                                                                                                              |
| Liberty Utilities (New England Gas Company)                                            | 07/18 | Docket No. DPU 18-68    | Sponsored the Long-Range Forecast and Supply Plan filing for the five-year forecast period 2018/2019 through 2022/2023.                                                                                                                                                                                                                                                              |
| Liberty Utilities (New England Gas Company)                                            | 07/16 | Docket No. DPU 16-109   | Sponsored the Long-Range Forecast and Supply Plan filing for the five-year forecast period 2016/2017 through 2020/2021.                                                                                                                                                                                                                                                              |
| Boston Gas                                                                             | 10/93 | Docket No. DPU 92-230   | Sponsored testimony describing the Company's position regarding rate treatment of vehicular natural gas investments and expenses.                                                                                                                                                                                                                                                    |
| Boston Gas                                                                             | 03/90 | Docket No. DPU 90-55    | Sponsored testimony supporting the weather and other cost of service adjustments, rate design and customer bill impact studies for a general rate case proceeding.                                                                                                                                                                                                                   |
| Boston Gas                                                                             | 03/88 | Docket No. DPU 88-67-II | Sponsored testimony supporting the rate reclassification of commercial and industrial customers for a rate design proceeding.                                                                                                                                                                                                                                                        |
| <b>Michigan Public Service Commission</b>                                              |       |                         |                                                                                                                                                                                                                                                                                                                                                                                      |
| DTE Energy                                                                             | 04/25 | Docket No. U-21860      | Sponsored testimony regarding DTE Energy's use of constant dollar averaging to develop its cost forecasts.                                                                                                                                                                                                                                                                           |
| Lansing Board of Water & Light and Michigan State University                           | 04/25 | Docket No. U-21806      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |
| Lansing Board of Water & Light and Michigan State University                           | 04/24 | Docket No. U-21490      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |
| Lansing Board of Water & Light and Michigan State University                           | 04/23 | Docket No. U-21308      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |
| Lansing Board of Water & Light and Michigan State University                           | 04/22 | Docket No. U-21148      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |
| Lansing Board of Water & Light and Michigan State University                           | 04/20 | Docket No. U-20650      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |
| Lansing Board of Water & Light and Michigan State University                           | 04/19 | Docket No. U-20322      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |
| Midland Cogeneration Ventures, LLC                                                     | 09/18 | Docket No. U-18010      | Sponsored testimony evaluating Consumer Energy's class cost of service and rate design proposals.                                                                                                                                                                                                                                                                                    |

| Sponsor                                      | Date  | Docket No.                          | Subject                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------|-------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Minnesota Public Utilities Commission</b> |       |                                     |                                                                                                                                                                                                                                                                                                                     |
| Northern States Power Company (XcelEnergy)   | 10/21 | Docket No. E002/GR-21-630           | Sponsored testimony supporting a Return on Equity (ROE) adjustment mechanism that would allow the Company to symmetrically adjust its ROE to reflect significant changes in financial market conditions.                                                                                                            |
| <b>Missouri Public Service Commission</b>    |       |                                     |                                                                                                                                                                                                                                                                                                                     |
| The Empire District Electric Company         | 11/24 | Docket No. ER-2024-0261             | Sponsored testimony supporting the class cost of service, rate design, bill impact, and lead-lag studies for a general rate case proceeding.                                                                                                                                                                        |
| Spire Missouri, Inc.                         | 11/24 | Docket No. GR-2024-0107             | Sponsored testimony supporting the class cost of service, rate design, bill impact, and lead-lag studies for a general rate case proceeding.                                                                                                                                                                        |
| Liberty Utilities (Missouri Water)           | 03/24 | Docket No. WR-2024-0104             | Sponsored testimony supporting lead-lag study for a general rate case proceeding.                                                                                                                                                                                                                                   |
| Liberty Utilities (Midstates Natural Gas)    | 02/24 | Docket No. GR-2024-0106             | Sponsored testimony supporting the class cost of service, rate design, bill impact, and lead-lag studies for a general rate case proceeding.                                                                                                                                                                        |
| Confluence Rivers Utility Operating Company  | 12/22 | Case No. WR-2023-0006/ SR-2023-0007 | Sponsored testimony supporting the rate design and bill impact studies for a general rate case proceeding.                                                                                                                                                                                                          |
| The Empire District Gas Company              | 08/21 | Docket No. GR-2021-0320             | Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.                                                                                                                                                                         |
| The Empire District Electric Company         | 05/21 | Docket No. ER-2021-0312             | Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.                                                                                                                                                                         |
| Spire Missouri, Inc.                         | 12/20 | Docket No. GR-2021-0108             | Sponsored testimony supporting class cost of service, rate design, and lead-lag study proposals for a general rate case proceeding. The testimony also included support for a proposed revenue adjustment mechanism.                                                                                                |
| The Empire District Electric Company         | 08/19 | Docket No. ER-2019-0374             | Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding. The testimony also included proposals for a weather normalization mechanism.                                                                                            |
| Liberty Utilities (Midstates Natural Gas)    | 09/17 | Docket No. GR-2018-0013             | Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding. The testimony also included proposals for a revenue decoupling/ weather normalization mechanism as well as tracker accounts for certain O&M expenses and capital costs. |
| Missouri Gas Energy                          | 04/17 | Docket No. GR-2017-0216             | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding. The testimony included support for a decoupling mechanism.                                                                                                              |
| Laclede Gas Company                          | 04/17 | Docket No. GR-2017-0215             | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding. The testimony included support for a decoupling mechanism.                                                                                                              |
| <b>Nevada Public Utilities Commission</b>    |       |                                     |                                                                                                                                                                                                                                                                                                                     |
| Southwest Gas Corporation                    | 09/23 | Docket No. 23-09012                 | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                                                                                                                                                         |

| Sponsor                                                                   | Date  | Docket No.                                    | Subject                                                                                                                                                                           |
|---------------------------------------------------------------------------|-------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Southwest Gas Corporation                                                 | 09/21 | Docket No. 21-09001                           | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                       |
| Southwest Gas Corporation                                                 | 02/20 | Docket No. 20-02023                           | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                       |
| <b>New Hampshire Public Utilities Commission</b>                          |       |                                               |                                                                                                                                                                                   |
| Unitil Energy Systems, Inc.                                               | 05/25 | Docket No. DE 25-025                          | Sponsored testimony supporting a marginal cost study, class cost of service study, rate design, customer bill impacts, and revenue decoupling for a general rate case proceeding. |
| Unitil (Northern Utilities, Inc.)                                         | 08/21 | Docket No. DG 21-104                          | Sponsored testimony supporting a revenue decoupling mechanism.                                                                                                                    |
| Unitil Energy Systems, Inc.                                               | 04/21 | Docket No. DE 21-030                          | Sponsored testimony supporting a revenue decoupling mechanism.                                                                                                                    |
| Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities | 11/17 | Docket No. DG 17-198                          | Sponsored testimony supporting a levelized cost analysis for approval of firm supply and transportation agreements.                                                               |
| Liberty Utilities d/b/a Granite State Electric Company                    | 04/16 | Docket No. DE 16-383                          | Adopted testimony and sponsored Lead/Lag study for a general rate case proceeding.                                                                                                |
| <b>New Jersey Board of Public Utilities</b>                               |       |                                               |                                                                                                                                                                                   |
| Middlesex Water Company                                                   | 07/25 | Docket No. WR25060372                         | Sponsored testimony supporting the class cost of service, rate design, and customer bill impacts for a general rate case proceeding.                                              |
| Elizabethtown Gas Company                                                 | 02/24 | Docket No. GR24020158                         | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                             |
| Jersey Central Power and Light Company (FirstEnergy)                      | 03/23 | Docket No. ER23030144                         | Sponsored testimony supporting the class cost of service and Lead/Lag studies for a general rate case proceeding.                                                                 |
| South Jersey Gas Company                                                  | 04/22 | Docket No. GR22040253                         | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                             |
| Elizabethtown Gas Company                                                 | 12/21 | Docket No. GR21121254                         | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                             |
| South Jersey Gas Company                                                  | 03/20 | Docket No. GR20030243                         | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                             |
| Elizabethtown Gas Company                                                 | 04/19 | Docket No. GR19040486                         | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                             |
| Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company            | 08/16 | Docket No. GR16090826                         | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                             |
| <b>New Mexico Public Regulation Commission</b>                            |       |                                               |                                                                                                                                                                                   |
| New Mexico Gas Company, Inc.                                              | 06/25 | Advice Notice No. 109 in Case No. 23-00255-UT | Sponsored testimony supporting the Weather Normalization Adjustment Mechanism.                                                                                                    |
| New Mexico Gas Company, Inc.                                              | 12/24 | Advice Notice No. 105                         | Sponsored testimony supporting changes in Rule No. 16 – Line Extension Policy.                                                                                                    |
| New Mexico Gas Company, Inc.                                              | 07/24 | Case No. 18-00038-UT                          | Sponsored testimony supporting the Weather Normalization Adjustment Mechanism.                                                                                                    |
| New Mexico Gas Company, Inc.                                              | 09/23 | Case No. 23-00255-UT                          | Sponsored testimony supporting the class cost of service, rate design, bill impact and weather normalization adjustment mechanisms for a general rate case proceeding.            |



| Sponsor                                                                                         | Date                    | Docket No.                                                               | Subject                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New York Public Service Commission</b>                                                       |                         |                                                                          |                                                                                                                                                                                                                                                                                                                                       |
| New York Power Authority                                                                        | 09/04                   | Case No. 04-E-0572                                                       | Sponsored testimony evaluating Con Edison's class cost of service study.                                                                                                                                                                                                                                                              |
| <b>Corporation Commission of Oklahoma</b>                                                       |                         |                                                                          |                                                                                                                                                                                                                                                                                                                                       |
| Summit Utilities Oklahoma                                                                       | 06/25                   | Cause No. PUD 2025-000028                                                | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                                                                                                                                                                           |
| The Empire District Electric Company                                                            | 02/21                   | Cause No. PUD 202100163                                                  | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding. The proposed rate design included a three-year phase-in of the proposed rate increase.                                                                                                    |
| The Empire District Electric Company                                                            | 03/19                   | Cause No. PUD 201800133                                                  | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                                                                                                                                                                           |
| The Empire District Electric Company                                                            | 04/17                   | Cause No. PUD 201600468                                                  | Adopted direct testimony and sponsored rebuttal testimony supporting the revenue requirements for a general rate case proceeding. The testimony included proposals for alternative ratemaking mechanisms.                                                                                                                             |
| <b>Ohio Public Utilities Commission</b>                                                         |                         |                                                                          |                                                                                                                                                                                                                                                                                                                                       |
| Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company | 06/24                   | Case Nos. 24-0468-EL-AIR, 24-0469-EL-ATA, 24-0470-EL-AAM, 24-0471-EL-UNC | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                                                                                                                                                                           |
| <b>Pennsylvania Public Utility Commission</b>                                                   |                         |                                                                          |                                                                                                                                                                                                                                                                                                                                       |
| FirstEnergy Pennsylvania Electric Company                                                       | 04/24                   | Docket No. R-2024-3047068                                                | Sponsored testimony supporting the class cost of service, rate design, bill impact and Lead/Lag studies for a general rate case proceeding.                                                                                                                                                                                           |
| <b>Rhode Island Public Utilities Commission</b>                                                 |                         |                                                                          |                                                                                                                                                                                                                                                                                                                                       |
| Providence Gas Company                                                                          | 09/00<br>01/97<br>08/96 | Docket No. 1673                                                          | Sponsored testimony supporting the changes in cost of gas adjustment factor related to projected under-recovery of gas costs; Filed testimony and witness for pilot hedging program to mitigate price risks to customers; Filed testimony and witness for changes in cost of gas adjustment factor related to extension of rate plan. |
| Providence Gas Company                                                                          | 08/00                   | Docket No. 2581                                                          | Sponsored testimony supporting the extension of a rate plan that began in 1997 and included certain modifications, including a weather normalization clause.                                                                                                                                                                          |
| Providence Gas Company                                                                          | 03/00                   | Docket No. 3100                                                          | Sponsored testimony supporting the de-tariff and deregulation of appliance repair service, enabling the Company to have needed pricing flexibility.                                                                                                                                                                                   |
| Providence Gas Company                                                                          | 08/97                   | Docket No. 2581                                                          | Sponsored testimony supporting a rate plan that fixed all billing rates for three-year period; included funding for critical infrastructure investments in accelerated replacement of mains and services, digitized records system, and economic development projects.                                                                |
| Providence Gas Company                                                                          | 04/97                   | Docket No. 2552                                                          | Sponsored testimony supporting the rate design, customer bill impact studies and retail access tariffs for commercial and industrial customers, including redesign of cost of gas adjustment clause, for a rate design proceeding.                                                                                                    |
| Providence Gas Company                                                                          | 11/95                   | Docket No. 2374                                                          | Sponsored testimony supporting the rate design, customer bill impact studies and retail access tariffs for largest commercial and industrial customers for a rate design proceeding.                                                                                                                                                  |

| Sponsor                                                                                   | Date  | Docket No.           | Subject                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------|-------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Providence Gas Company                                                                    | 07/94 | Docket No. 2025      | Sponsored testimony supporting the Integrated Resource Plan filing, including a performance-based incentive mechanism.                                                                                              |
| Providence Gas Company                                                                    | 07/93 | Docket No. 2076/2082 | Sponsored testimony supporting the rate reclassification of customers into new rate classes, rate design (including introduction of demand charges), and customer bill impact studies for a rate design proceeding. |
| <b>Railroad Commission of Texas</b>                                                       |       |                      |                                                                                                                                                                                                                     |
| Texas Gas Service Company – Central-Gulf, West North, and Rio Grande Valley Service Areas | 06/25 | Case No. 00028202    | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – Central-Gulf Service Area                                     | 06/24 | Case No. 00017471    | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| CenterPoint Energy – Texas Gas Division                                                   | 10/23 | Case No. 00015513    | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – Rio Grande Valley Service Area                                | 06/23 | Case No. 00014399    | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – West Texas, North Texas, and Borger/Skellytown Service Areas  | 06/22 | Case No. 00009896    | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – Central Texas and Gulf Coast Service Areas                    | 12/19 | GUD No. 10928        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| CenterPoint Energy – Beaumont/ East Texas Division                                        | 11/19 | GUD No. 10920        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – Borger/Skellytown Service Area                                | 08/18 | GUD No. 10766        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – North Texas Service Area                                      | 06/18 | GUD No. 10739        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| CenterPoint Energy – South Texas Division                                                 | 11/17 | GUD No. 10669        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Texas Gas Service Company – Rio Grande Valley Service Area                                | 06/17 | GUD No. 10656        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| Atmos Pipeline – Texas                                                                    | 01/17 | GUD No. 10580        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| CenterPoint Energy – Texas Gulf Division                                                  | 11/16 | GUD No. 10567        | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| <b>Public Utility Commission of Texas</b>                                                 |       |                      |                                                                                                                                                                                                                     |
| CenterPoint Energy Houston Electric, LLC                                                  | 03/24 | Docket No. 56211     | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |
| CenterPoint Energy Houston Electric, LLC                                                  | 04/19 | Docket No. 49421     | Sponsored testimony supporting the Lead/Lag study for a general rate case proceeding.                                                                                                                               |

| Sponsor                                                                        | Date  | Docket No.              | Subject                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------|-------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Vermont Public Utilities Commission</b>                                     |       |                         |                                                                                                                                                                                                                                                                                   |
| Vermont Gas Systems                                                            | 12/12 | Docket No. 7970         | Sponsored testimony describing the market served by \$90 million natural gas expansion project to Addison County, VT. Also described the terms and economic benefits of a special contract with International Paper.                                                              |
| Vermont Gas Systems                                                            | 02/11 | Docket No. 7712         | Sponsored testimony supporting the market evaluation and analysis for a system expansion and reliability regulatory fund.                                                                                                                                                         |
| <b>Virginia State Corporation Commission</b>                                   |       |                         |                                                                                                                                                                                                                                                                                   |
| Rappahannock Electric Cooperative                                              | 3/25  | Case No. PUR-2025-00048 | Sponsored testimony supporting a new Large Power-Dedicated Facilities (LP-DF) rate schedule                                                                                                                                                                                       |
| Rappahannock Electric Cooperative                                              | 8/24  | Case No. PUR-2024-00132 | Sponsored report and studies related to revenue requirements, class cost of service, rate design, and bill impact analysis for a streamlined application to increase base rates.                                                                                                  |
| Shenandoah Valley Electric Cooperative                                         | 01/24 | Case No. PUR-2023-00207 | Sponsored report and studies related to revenue requirements, class cost of service, rate design, and bill impact analysis for a streamlined application to increase base rates.                                                                                                  |
| American Electric Power - Appalachian Power Company                            | 03/23 | Case No. PUR-2023-00002 | Sponsored testimony supporting the Lead/Lag study for the 2023 triennial review of base rates, terms, and conditions.                                                                                                                                                             |
| Rappahannock Electric Cooperative                                              | 10/22 | Case No. PUR-2022-00160 | Sponsored report and studies related to revenue requirements, class cost of service, rate design, and bill impact analysis for a streamlined application to increase base rates.                                                                                                  |
| American Electric Power - Appalachian Power Company                            | 3/20  | Case No. PUR-2020-00015 | Sponsored testimony supporting the Lead/Lag study for the 2020 triennial review of base rates, terms, and conditions.                                                                                                                                                             |
| <b>West Virginia Public Service Commission</b>                                 |       |                         |                                                                                                                                                                                                                                                                                   |
| American Electric Power - Appalachian Power Company and Wheeling Power Company | 11/24 | Case No. 24-0854-E-42T  | Sponsored testimony supporting the lead-lag study for a general rate case proceeding.                                                                                                                                                                                             |
| Monongahela Power Company and The Potomac Edison Company (FirstEnergy)         | 06/23 | Case No. 23-0460-E-42T  | Sponsored testimony supporting the class cost of service, rate design, bill impact and lead-lag studies for a general rate case proceeding.                                                                                                                                       |
| <b>Nova Scotia Utility and Review Board</b>                                    |       |                         |                                                                                                                                                                                                                                                                                   |
| Nova Scotia Power                                                              | 01/22 | Matter No. M10431       | Sponsored evidence supporting the cash working capital requirement and lead/Lag study for a general rate case proceeding.                                                                                                                                                         |
| <b>Ontario Energy Board</b>                                                    |       |                         |                                                                                                                                                                                                                                                                                   |
| Toronto Hydro-Electric System Limited                                          | 11/23 | Docket No. EB-2023-0195 | Sponsored evidence supporting Toronto Hydro's Custom Rate Framework. Prepared research and analysis evaluating the appropriateness of the Rate Framework in the context of how other electric utility ratemaking practices have responded to developments in the energy industry. |
| Ontario Energy Association                                                     | 01/21 | Docket No. EB-2020-0133 | Sponsored evidence regarding policies and ratemaking treatment related to COVID-19 costs in U.S. and Canadian regulatory jurisdictions. The evidence was used to support Ontario Energy Association's response to Staff's proposals.                                              |
| <b>Commission of Canada Energy Regulator</b>                                   |       |                         |                                                                                                                                                                                                                                                                                   |
| Trans-Northern Pipelines, Inc.                                                 | 06/23 | Docket No. RH-001-2023  | Sponsored evidence related to application for approval of incentive tolls.                                                                                                                                                                                                        |



## Schedule TSL-2

Page 1 of 1

South Jersey Gas Company  
Lead-Lag Study  
Working Capital Requirement  
Post Test Year

| Line | Description                                           | Adjusted Test<br>Year Expenses | Average Daily<br>Expenses | Revenue<br>Lag | Ref.     | Expense<br>Lead | Ref. | Net (Lead)/Lag<br>Days | Working Capital<br>Requirement |
|------|-------------------------------------------------------|--------------------------------|---------------------------|----------------|----------|-----------------|------|------------------------|--------------------------------|
| 1    | <b>Operations and Maintenance Expenses</b>            |                                |                           |                |          |                 |      |                        |                                |
| 2    | Purchased Gas Costs                                   | \$ 268,845,286                 | \$ 736,562                | 61.67          | A        | (37.67)         | B    | 24.00                  | \$ 17,677,498                  |
| 3    | Regular Payroll                                       | 17,874,353                     | 48,971                    | 61.67          | A        | (11.96)         | C    | 49.71                  | 2,434,340                      |
| 4    | Variable Compensation                                 | 3,749,253                      | 10,272                    | 61.67          | A        | (235.87)        | C    | (174.20)               | (1,789,370)                    |
| 5    | Pension                                               | 1,191,014                      | 3,263                     | 61.67          | A        | (2.41)          | C    | 59.26                  | 193,368                        |
| 6    | Employee Benefits                                     | 7,440,682                      | 20,385                    | 61.67          | A        | (45.55)         | C    | 16.12                  | 328,613                        |
| 7    | Uncollectible Accounts Expense                        | 11,644,855                     | 31,904                    | 61.67          | A        | (945.29)        | A    | (883.62)               | (28,190,759)                   |
| 8    | Affiliate Services                                    | 46,807,873                     | 128,241                   | 61.67          | A        | (40.36)         | C    | 21.31                  | 2,732,810                      |
| 9    | New Jersey Clean Energy Program                       | 10,741,492                     | 29,429                    | 61.67          | A        | (105.30)        | C    | (43.63)                | (1,283,976)                    |
| 10   | Utility Location Markout Services                     | 4,557,076                      | 12,485                    | 61.67          | A        | (53.65)         | C    | 8.02                   | 100,131                        |
| 11   | Bank Service Fees                                     | 1,589,828                      | 4,356                     | 61.67          | A        | (11.60)         | C    | 50.07                  | 218,090                        |
| 12   | Motor Vehicle                                         | 1,809,683                      | 4,958                     | 61.67          | A        | (15.78)         | C    | 45.89                  | 227,524                        |
| 13   | Meter Reading Services                                | 452,208                        | 1,239                     | 61.67          | A        | (45.00)         | C    | 16.67                  | 20,653                         |
| 14   | Insurance                                             | 2,276,200                      | 6,236                     | 61.67          | A        | 0.00            | C    | 61.67                  | 384,584                        |
| 15   | Other O&M Expenses                                    | 2,285,215                      | 6,261                     | 61.67          | A        | (41.05)         | C    | 20.62                  | 129,099                        |
| 16   | <b>Total O&amp;M Expenses</b>                         | <b>\$ 381,265,018</b>          |                           |                |          |                 |      |                        | <b>\$ (6,817,394)</b>          |
| 17   | <b>Other Income and Expense</b>                       | <b>\$ (2,950,221)</b>          | <b>\$ (8,083)</b>         | <b>61.67</b>   | <b>A</b> | <b>(61.67)</b>  |      | <b>0.00</b>            | <b>\$ -</b>                    |
| 18   | <b>Income Taxes</b>                                   |                                |                           |                |          |                 |      |                        |                                |
| 19   | Excess Deferred Tax Amortization                      | \$ (1,338,569)                 | \$ (3,667)                | 61.67          | A        | 0.00            | D    | 61.67                  | \$ (226,163)                   |
| 20   | Federal Income Taxes                                  | 40,798,779                     | 111,777                   | 61.67          | A        | (37.50)         | D    | 24.17                  | 2,701,662                      |
| 21   | State Income Tax                                      | 19,214,496                     | 52,642                    | 61.67          | A        | 46.75           | D    | 108.42                 | 5,707,495                      |
| 22   | <b>Total Income Taxes</b>                             | <b>\$ 58,674,706</b>           |                           |                |          |                 |      |                        | <b>\$ 8,182,993</b>            |
| 23   | <b>Taxes Other Than Income Taxes</b>                  |                                |                           |                |          |                 |      |                        |                                |
| 24   | PUA and Ratepayer Advocate                            | \$ 2,028,737                   | \$ 5,558                  | 61.67          | A        | (75.87)         | E    | (14.20)                | \$ (78,926)                    |
| 25   | Other Taxes Other Than Income Taxes                   | 5,005,647                      | 13,714                    | 61.67          | A        | (35.86)         | E    | 25.81                  | 353,961                        |
| 26   | <b>Total Taxes Other Than Income Taxes</b>            | <b>\$ 7,034,385</b>            |                           |                |          |                 |      |                        | <b>\$ 275,035</b>              |
| 27   | <b>Depreciation and Amortization Expense</b>          | <b>\$ 111,850,894</b>          | <b>\$ 306,441</b>         | <b>61.67</b>   | <b>A</b> | <b>0.00</b>     |      | <b>61.67</b>           | <b>\$ 18,898,204</b>           |
| 28   | <b>Amortization of Regulatory Programs</b>            | <b>\$ 76,847,881</b>           | <b>\$ 210,542</b>         | <b>61.67</b>   | <b>A</b> | <b>(61.67)</b>  |      | <b>0.00</b>            | <b>\$ -</b>                    |
| 29   | <b>Interest Expense</b>                               |                                |                           |                |          |                 |      |                        |                                |
| 30   | Interest on Long-Term Debt                            | \$ 65,835,393                  | \$ 180,371                | 61.67          | A        | 0.00            |      | 61.67                  | \$ 11,123,476                  |
| 31   | Interest on Short-Term Debt                           | -                              | -                         | 61.67          | A        | 0.00            |      | 61.67                  | -                              |
| 32   | Interest on Customer Deposits                         | 175,182                        | 480                       | 61.67          | A        | (260.89)        | F    | (199.22)               | (95,616)                       |
| 33   | <b>Total Interest Expense</b>                         | <b>\$ 66,010,575</b>           |                           |                |          |                 |      |                        | <b>\$ 11,027,860</b>           |
| 34   | <b>Return</b>                                         | <b>\$ 166,045,018</b>          | <b>\$ 454,918</b>         | <b>61.67</b>   | <b>A</b> | <b>0.00</b>     |      | <b>61.67</b>           | <b>\$ 28,054,784</b>           |
| 35   | <b>Other Working Capital Requirements / (Sources)</b> |                                |                           |                |          |                 |      |                        |                                |
| 36   | Employee Deductions                                   |                                |                           |                |          |                 |      |                        | \$ 261,280                     |
| 37   | Cash Balance                                          |                                |                           |                |          |                 |      |                        | 1,958,315                      |
| 38   | Working Funds                                         |                                |                           |                |          |                 |      |                        | 1,850                          |
| 39   | General Prepayments                                   |                                |                           |                |          |                 |      |                        | 7,819,254                      |
| 40   | Prepaid Energy Sales and Use Tax                      |                                |                           |                |          |                 |      |                        | 10,675,866                     |
| 41   | USF/Lifeline Reserve                                  |                                |                           |                |          |                 |      |                        | (429,363)                      |
| 42   | Prepaid Pension                                       |                                |                           |                |          |                 |      |                        | 34,381,346                     |
| 43   | Prepaid Postretirement Healthcare                     |                                |                           |                |          |                 |      |                        | 40,844,590                     |
| 44   | Accrued Invoices Related to Plant                     |                                |                           |                |          |                 |      |                        | (54,384,298)                   |
| 45   | Accrued Payroll Related to Plant                      |                                |                           |                |          |                 |      |                        | 2,791,453                      |
| 46   | Vacation Accrual Reserve                              |                                |                           |                |          |                 |      |                        | (1,094,193)                    |
| 47   | Uninsured Risk Reserve                                |                                |                           |                |          |                 |      |                        | (615,942)                      |
| 48   | Marketer Payment Reserve                              |                                |                           |                |          |                 |      |                        | 1,485,500                      |
| 49   | <b>Total Other Working Capital</b>                    |                                |                           |                |          |                 |      |                        | <b>\$ 43,695,658</b>           |
| 50   | <b>After-Tax Ratemaking Adjustments</b>               | <b>\$ (11,225,322)</b>         | <b>\$ (30,754)</b>        | <b>0.00</b>    | <b>A</b> | <b>0.00</b>     |      | <b>0.00</b>            | <b>\$ -</b>                    |
| 51   | <b>Total Working Capital Requirement</b>              | <b>\$ 853,552,934</b>          | <b>\$ 933,064</b>         |                |          |                 |      |                        | <b>\$ 103,317,141</b>          |

Schedule TSL-3  
Page 1 of 6

South Jersey Gas Company  
Lead-Lag Study  
Revenue and Collection Lag

| Line | Description                    | Revenue        | Revenue Lag | Dollar Days       | Reference      |
|------|--------------------------------|----------------|-------------|-------------------|----------------|
| 1    | Retail & Industrial Sales      |                |             |                   |                |
| 2    | Service Period Lag             |                | 15.21       |                   | (365 / 12) / 2 |
| 3    | Billing Lag                    |                | 0.50        |                   | WP A-1         |
| 4    | Collection Lag                 |                | 48.45       |                   | WP A-2         |
| 5    | Retail & Industrial Sales      | \$ 632,831,410 | 64.16       | \$ 40,602,467,974 |                |
| 6    | Off System Sales               | \$ 52,246,501  | 40.93       | \$ 2,138,576,418  | WP A-3         |
| 7    | Capacity Release               | 14,767,945     | 28.14       | 415,541,960       | WP A-4         |
| 8    | Composite Revenue Lag          | \$ 699,845,856 | 61.67       | \$ 43,156,586,351 |                |
| 9    | Uncollectible Accounts Expense |                | (945.29)    |                   | WP A-5         |

Schedule TSL-3  
Page 2 of 6

South Jersey Gas Company  
Lead-Lag Study  
Purchased Gas

| Line | Description                  | Payments              | Expense Lead   | Lead / Lag Dollars        | Supporting Schedule |
|------|------------------------------|-----------------------|----------------|---------------------------|---------------------|
| 1    | Natural Gas Purchases        | \$ 165,035,113        | (37.31)        | \$ (6,156,781,569)        | WP B-1              |
| 2    | Net NG inventory withdrawal  | 4,166,462             | 0.00           | -                         |                     |
| 3    | LNG Expenses - Labor         | 472,920               | (11.96)        | (5,656,855)               | WP C-1              |
| 4    | LNG Expenses - Non-Labor     | 379,858               | (41.05)        | (15,592,041)              | WP C-8              |
| 5    | Net LNG inventory withdrawal | 958,178               | 0.00           | -                         |                     |
| 6    | Gas Used by Company          | (149,292)             | (37.31)        | 5,569,469                 | WP B-1              |
| 7    | BSC Purchases                | -                     | 0.00           | -                         |                     |
| 8    | OSS Capacity Release         | 14,767,945            | (28.14)        | (415,541,960)             | WP A-4              |
| 9    | Hedges                       | (18,012,360)          | (15.17)        | 273,261,810               |                     |
| 10   | <u>Total</u>                 | <u>\$ 167,618,824</u> | <u>(37.67)</u> | <u>\$ (6,314,741,145)</u> |                     |

Schedule TSL-3  
Page 3 of 6

South Jersey Gas Company  
Lead-Lag Study  
O&M Expenses Summary

| Line | Description                       | (Lead)/Lag<br>Days | Reference |
|------|-----------------------------------|--------------------|-----------|
| 1    | O&M Expenses                      |                    |           |
| 2    | Regular Payroll                   | (11.96)            | WP C-1    |
| 3    | Variable Compensation             | (235.87)           | WP C-2    |
| 4    | Pension                           | (2.41)             | WP C-3    |
| 5    | Employee Benefits                 | (45.55)            | WP C-4    |
| 6    | Affiliate Services                | (40.36)            | WP C-5    |
| 7    | New Jersey Clean Energy Program   | (105.30)           | WP C-6    |
| 8    | Membership Dues                   | 105.35             | WP C-7    |
| 9    | Utility Location Markout Services | (53.65)            | WP C-7    |
| 10   | Bank Service Fees                 | (11.60)            | WP C-7    |
| 11   | Motor Vehicle                     | (15.78)            | WP C-7    |
| 12   | Outside Services (Audit)          | (280.05)           | WP C-7    |
| 13   | Meter Reading Services            | (45.00)            | WP C-7    |
| 14   | Other O&M Expenses                | (41.05)            | WP C-8    |

Schedule TSL-3  
Page 4 of 6

South Jersey Gas Company  
Lead-Lag Study  
Income Taxes

| Line | Description          | (Lead)/Lag<br>Days | Ref. |
|------|----------------------|--------------------|------|
| 1    | Income Taxes         |                    |      |
| 2    | Federal Income Taxes | (37.50)            | D-1  |
| 3    | State Income Taxes   | 46.75              | D-2  |

Schedule TSL-3  
Page 5 of 6

South Jersey Gas Company  
Lead-Lag Study  
Taxes Other Than Income Taxes

| Line | Description                             | Expense       | Percent | (Lead)/Lag<br>Days | Reference | Dollar Days      |
|------|-----------------------------------------|---------------|---------|--------------------|-----------|------------------|
| 1    | Payroll Taxes                           |               |         |                    |           |                  |
| 2    | FICA                                    | \$ 3,150,039  | 93.35%  | (13.00)            | E-1       | \$ (40,950,509)  |
| 3    | Federal Unemployment                    | 19,605        | 0.58%   | (75.63)            | E-2       | (1,482,743)      |
| 4    | State Unemployment                      | 183,488       | 5.44%   | (75.91)            | E-3       | (13,928,152)     |
| 5    | NJ WDR                                  | 21,182        | 0.63%   | (12.00)            | E-4       | (254,185)        |
| 6    | Total Payroll Taxes                     | \$ 3,374,314  | 100.00% | (16.78)            |           | \$ (56,615,588)  |
| 7    | Real Estate Taxes                       | \$ 716,684    |         | 61.55              | E-5       | \$ 44,110,866    |
| 8    | Sales and Use Tax                       | \$ 34,468     |         | (35.26)            | E-6       | \$ (1,215,419)   |
| 9    | Energy Sales and Use Tax                | 17,938,858    |         | (43.34)            | E-7       | (777,549,967)    |
| 10   | Taxes Other Than Income (Lead)/Lag Days | \$ 22,064,324 |         | (35.86)            |           | \$ (791,270,108) |
| 11   | Total PUA and Ratepayer Advocate        |               |         | (75.87)            | E-8       |                  |

South Jersey Gas Company  
Lead-Lag Study  
Interest on Customer Deposits

Schedule TSL-3  
Page 6 of 6

| Line | Description                       | Percentage | (Lead)/Lag<br>Days | Composite<br>(Lead)/Lag Days |
|------|-----------------------------------|------------|--------------------|------------------------------|
| 1    | Residential Customer Deposits     | 57.0%      | (182.50)           |                              |
| 2    | Non-Residential Customer Deposits | 43.0%      | (365.00)           |                              |
| 3    | <u>Total</u>                      |            |                    | <u>(260.89)</u>              |

Residential customer deposits are retained for a 1-year period, while commercial & industrial deposits are retained for a 2-year period

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**DANE A. WATSON, PE CDP**

**Partner,  
Alliance Consulting Group**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-8**

**November 25, 2025**



## **TABLE OF CONTENTS**

|             |                                          |           |
|-------------|------------------------------------------|-----------|
| <b>I.</b>   | <b>POSITION AND QUALIFICATIONS .....</b> | <b>1</b>  |
| <b>II.</b>  | <b>PURPOSE OF DIRECT TESTIMONY .....</b> | <b>3</b>  |
| <b>III.</b> | <b>SJG DEPRECIATION STUDY.....</b>       | <b>4</b>  |
| <b>IV.</b>  | <b>CONCLUSION .....</b>                  | <b>12</b> |

### **SCHEDULES:**

**DAW-1 – DANE A. WATSON TESTIMONY EXPERIENCE**

**DAW-2 – SOUTH JERSEY GAS DEPRECIATION RATE STUDY AT  
DECEMBER 31, 2024**

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
DANE A. WATSON**

**I. POSITION AND QUALIFICATIONS**

**Q. PLEASE STATE YOUR NAME AND ADDRESS.**

**A.** My name is Dane A. Watson, and my business address is 101 E. Park Blvd., Suite 220, Plano, Texas 75074. I am a Partner of Alliance Consulting Group. Alliance Consulting Group provides consulting and expert services to the utility industry.

**Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

**A.** I hold a Bachelor of Science degree in Electrical Engineering from the University of Arkansas at Fayetteville and a Master's Degree in Business Administration from Amberton University.

**Q. DO YOU HOLD ANY SPECIAL CERTIFICATION AS A DEPRECIATION EXPERT?**

**A.** Yes. The Society of Depreciation Professionals ("the Society") has established national standards for depreciation professionals. The Society administers an examination and has certain required qualifications to become certified in this field. I met all requirements and have become a Certified Depreciation Professional ("CDP").

**Q. PLEASE OUTLINE YOUR EXPERIENCE IN THE FIELD OF DEPRECIATION.**

**A.** Since graduation from college in 1985, I have worked in the area of depreciation and valuation. I founded Alliance Consulting Group in 2004 and am responsible for conducting depreciation, valuation and certain accounting-related studies for utilities in various industries. My duties related to depreciation studies include the assembly and analysis of historical and simulated data, conducting field reviews, determining service life and net salvage estimates, calculating annual depreciation, presenting recommended depreciation

1 rates to utility management for its consideration, and supporting such rates before  
2 regulatory bodies.

3 My prior employment from 1985 to 2004 was with Texas Utilities (“TXU”).  
4 During my tenure with TXU, I was responsible for, among other things, conducting  
5 valuation and depreciation studies for the domestic TXU companies. During that time, I  
6 served as Manager of Property Accounting Services and Records Management in addition  
7 to my depreciation responsibilities.

8 I have twice been Chair of the Edison Electric Institute (“EEI”) Property  
9 Accounting and Valuation Committee and have been Chairman of EEI’s Depreciation and  
10 Economic Issues Subcommittee. I was the Industry Project Manager for the EEI/American  
11 Gas Association (“AGA”) effort around the electric and gas industry adoption of FAS 143  
12 and testified before FERC in the hearings leading up to the release of FERC Order 631. I  
13 was also the Project Leader for the EEI/AGA “Introduction to Depreciation” textbook  
14 update. I am a Registered Professional Engineer in the State of Texas and a Certified  
15 Depreciation Professional. I am a Senior Member of the Institute of Electrical and  
16 Electronics Engineers (“IEEE”) and served for several years as an officer of the Executive  
17 Board of the Dallas Section of IEEE as well as national and worldwide offices. I have  
18 served as President of the Society of Depreciation Professionals twice and teach as part of  
19 their annual training program as well as teaching depreciation in multiple venues for  
20 EEI/AGA and others.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW JERSEY BOARD**  
2 **OF PUBLIC UTILITIES OR ANY OTHER STATE AND/OR REGULATORY**  
3 **COMMISSIONS?**

4 **A.** Yes. I have testified before the New Jersey Board of Public Utilities (“BPU”) and  
5 numerous other state and federal agencies in my 40-year career in performing depreciation  
6 studies. I have conducted depreciation studies, filed written testimony, and/or testified  
7 before the Commissions identified in Schedule DAW-1.

8  
9 **II. PURPOSE OF DIRECT TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
11 **PROCEEDING?**

12 **A.** I sponsor and support the depreciation study performed for South Jersey Gas (“SJG” or  
13 “Company”). The SJG depreciation study resulted in depreciation rates that are used to  
14 determine the Test Year depreciation expense for SJG’s assets in this proceeding.

15 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

16 **A.** The SJG depreciation study and analysis that I have performed fully supports establishing  
17 depreciation rates at the level recommended in my testimony. The SJG depreciation study  
18 is attached to my testimony as Schedule DAW–2. The study shows that an overall decrease  
19 in annual depreciation expense of approximately \$7.7 million is needed to ensure that the  
20 appropriate amount of depreciation expense is collected by the Company. This amount  
21 was calculated by determining the depreciation expense difference between the currently  
22 effective depreciation rates for SJG and the proposed rates as shown in Schedule DAW-2,  
23 Appendix B, for assets at December 31, 2024. The primary drivers for the decrease in the

1 annual depreciation expense when compared to the existing rates are related to the decrease  
2 in net salvage accrual based on the Commission's approved methodology, the decrease in  
3 General Plant Account 391.356 Major Software Systems Implementation due to the reserve  
4 position and Account 392 Transportation Equipment due to a one year longer life. There  
5 are a total of 37 accounts, of which four have life increase recommendations; four accounts  
6 have life decrease recommendations; 28 accounts have no change; and one account where  
7 no comparison can be made. Company witness John Houseman is sponsoring the  
8 depreciation expense adjustment set forth in the Company's filing in this proceeding.  
9

10 **III. SJG DEPRECIATION STUDY**

11 **Q. DID YOU PREPARE THE SJG DEPRECIATION STUDY?**

12 **A.** Yes. The study in Schedule DAW-2 analyzes the life and net salvage for all the depreciable  
13 property groups associated with SJG assets at December 31, 2024.

14 **Q. WHAT PROPERTY IS INCLUDED IN THE DEPRECIATION STUDY?**

15 **A.** There are five general classes, or functional groups, of depreciable property included in the  
16 study: the Liquefied Natural Gas ("LNG") Storage Plant, Transmission Plant, Distribution  
17 Plant and General Plant depreciable and General Plant amortized property. The LNG  
18 Storage Plant functional group primarily consists of the structures, gas holders and  
19 purification equipment associated with LNG facilities. The Transmission Plant functional  
20 group primarily consists of lines and associated facilities used to move gas from the  
21 production or storage fields to the distribution system. The Distribution Plant functional  
22 group primarily consists of lines and associated facilities used to distribute gas to customers

1 within the territory served by SJG. General Plant property is not location specific but is  
2 used to support the overall operations to distribute gas to its customers.

3 **Q. HAVE YOU CALCULATED THE ANNUAL DEPRECIATION EXPENSE FOR**  
4 **SJG?**

5 **A.** Yes. The proposed annual depreciation expense, based on plant balances at December 31,  
6 2024, for SJG is \$108.71 million. Using the existing approved rates for SJG accounts  
7 applied to December 31, 2024 balances, the existing annual depreciation expense would  
8 be \$116.45 million. Comparing the existing and proposed rates would result in a decrease  
9 of approximately \$7.74 million in annual depreciation expense. The complete account  
10 comparison is shown in Schedule DAW-2, Appendix B. The calculation of the annual  
11 expense and rates are shown in Appendix A. A listing of the life parameters used are shown  
12 in Appendix C. Appendix D provides the calculation of the five-year average net salvage  
13 amount.

14 **Q. WHAT DEFINITION OF DEPRECIATION HAVE YOU USED FOR THE**  
15 **PURPOSES OF CONDUCTING A DEPRECIATION STUDY AND PREPARING**  
16 **YOUR TESTIMONY?**

17 **A.** The term "depreciation," as used herein, is considered in the accounting sense; that is, a  
18 system of accounting that distributes the cost of assets, less net salvage (if any), over the  
19 estimated useful life of the assets in a systematic and rational manner. Depreciation is a  
20 process of allocation, not valuation. Depreciation expense is systematically allocated to  
21 accounting periods over the lives of the properties. The amount allocated to any one  
22 accounting period does not necessarily represent the loss or decrease in value that will  
23 occur during that particular period. Thus, depreciation is considered an expense or cost,

rather than a loss or decrease in value. The Company accrues depreciation based on the original cost of all property included in each depreciable plant account. On retirement, the full cost of depreciable property, less the net salvage amount, if any, is charged to the depreciation reserve.

**Q. PLEASE DESCRIBE YOUR DEPRECIATION STUDY APPROACH.**

**A.** I conducted the depreciation studies in four phases as shown in Schedule DAW-2. The four phases are: Data Collection, Analysis, Evaluation, and Calculation. During the initial phase of the study, I collected historical data to be used in the analysis. After the data was assembled, I performed analyses to determine the life and net salvage percentage for the different property groups being studied. As part of this process, I conferred with field personnel, engineers, and managers responsible for the installation, operation, and removal of the assets to gain their input into the operation, maintenance, and salvage of the assets. The information obtained from field personnel, engineers, managerial personnel, was combined with the study results, and then evaluated to determine how the results of the historical asset activity analysis, in conjunction with the Company's expected future plans should be applied. Using all of these resources, I then calculated the depreciation rate for each function.

**Q. WHAT DEPRECIATION METHODOLOGY DID YOU USE?**

**A.** The straight-line, Average Life Group ("ALG") remaining-life depreciation system was employed to calculate annual and accrued depreciation in this study. This methodology is consistent with the methodology used to develop the existing approved depreciation rates for SJG.

1 **Q. HOW ARE DEPRECIATION RATES DETERMINED UNDER THE ALG**  
2 **PROCEDURE?**

3 **A.** In this system, the annual depreciation expense for each group was computed by dividing  
4 the original cost of the asset, less book depreciation reserve, less estimated net salvage, by  
5 its respective average life group remaining life. The resulting annual accrual amounts of  
6 all depreciable property within an account were accumulated, and the total was divided by  
7 the original cost of all depreciable property within the account to determine the  
8 depreciation rate. The calculated remaining lives and annual depreciation accrual rates  
9 were based on attained ages of plant in service and the estimated service life and salvage  
10 characteristics of each depreciable group. However, in the case of SJG no net salvage for  
11 individual accounts is included. Net salvage is developed on an overall average and added  
12 to the total accrual amount. This will be discussed in more detail later in my testimony.  
13 The computations of the annual depreciation rates and remaining life calculations are  
14 shown in Appendix A of Schedule DAW-2.

15 **Q. WHAT TIME PERIOD DID YOU USE TO DEVELOP THE PROPOSED**  
16 **DEPRECIATION RATES?**

17 **A.** The account level depreciation rates were developed based on the depreciable property  
18 recorded on the Company's books at December 31, 2024.

19 **Q. IN DEVELOPING THE PROPOSED DEPRECIATION RATES, DID YOU ALSO**  
20 **CONSIDER THE COMPANY'S CURRENT ASSET ACCOUNTING AND**  
21 **OPERATIONAL PRACTICES?**

22 **A.** Yes. In developing the proposed depreciation rates, the depreciation study analysis focused  
23 not only on historical data but also considered the current asset accounting and operational



practices used by the Company. The results of this analysis confirmed that the historical accounting and operational data was generally representative of ongoing SJG practices.

**Q. WHAT FACTORS INFLUENCE THE DEPRECIATION RATES FOR AN ACCOUNT?**

**A.** The primary factors that influence the depreciation rate for an account are: 1. the remaining investment to be recovered in the account, 2. the depreciable life of the account, and 3. the net salvage for the account. In the case of SJG, account level net salvage is not recognized due to past BPU approvals. However, a five-year average net salvage amount is included in the overall depreciation expense accrual amount.

**Q. WHAT METHOD DID YOU USE TO ANALYZE HISTORICAL DATA TO DETERMINE LIFE CHARACTERISTICS?**

**A.** All accounts, where sufficient historical data exists, were analyzed using the actuarial method of life analysis. In some accounts, it was determined there is not yet a sufficient level of retirement data to produce meaningful analyses. In much the same manner human mortality is analyzed by actuaries, depreciation analysts use models of property mortality characteristics that have been validated in research and empirical applications. Further detail is found in the life analysis section of Schedule DAW-2.

**Q. WHAT IS THE SIGNIFICANCE OF AN ASSET'S USEFUL LIFE IN YOUR DEPRECIATION STUDY?**

**A.** An asset's useful life was used to determine the remaining life over which the remaining cost (original cost minus accumulated depreciation) can be allocated ratably over future periods.

**Q. HOW DID YOU DETERMINE THE AVERAGE SERVICE LIVES FOR EACH ASSET GROUP?**

**A.** The establishment of appropriate average service lives for each account was determined by using the Actuarial life analysis. The remaining life, by account, is shown in Appendix A of Schedule DAW-2. Graphs and tables supporting the life analyses, and the chosen Iowa Curves used to determine the average service lives for analyzed accounts are found in the Life Analysis section of Schedule DAW-2. A summary of the depreciable life for each account is shown in Schedule DAW-2, Appendix C.

**Q. WHAT IS NET SALVAGE?**

**A.** While discussed more fully in the study itself, net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Generally, salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset. Some plant assets can experience significant negative removal cost percentages due to the amount of removal cost and the timing of the addition versus the retirement. For example, a Distribution asset in FERC Account 376 Steel Mains with a current installed cost of \$500 (2024) would have had an installed cost of \$13.08<sup>1</sup> in 1956. A removal cost of \$50 for the asset calculated (incorrectly) on current installed cost would only have a negative 10 percent removal cost (\$50/\$500). However, a correct removal cost calculation would show a negative 382 percent removal cost for that asset (\$50/\$13.08). Inflation from the time of installation of the asset until the time of its removal must be taken into account in the

---

<sup>1</sup> Using the Handy-Whitman Bulletin No. 200, G-1, line 44,  $\$13.08 = \$500 \times 43/1644$ .

1 calculation of the removal cost percentage because the depreciation rate, which includes  
2 the removal cost percentage, will be applied to the original installed cost of assets.

3 **Q. HOW WOULD YOU TYPICALLY ANALYZE NET SALVAGE?**

4 **A.** I would examine the experience realized by the Company by observing the actual net  
5 salvage amounts recorded for each year. The analysis also looks at various bands (or  
6 combinations) of these years, such as 2-year, 3-year etc., up to 10-years. Evaluating these  
7 moving averages allows the smoothing of the timing differences between when  
8 retirements, removal cost and salvage are booked. By looking at successive average bands  
9 (“rolling bands”), an analyst can also see trends in the data that would indicate the future  
10 net salvage in the account. This examination, in combination with the feedback of  
11 Company engineers related to any changes in operations or maintenance that would affect  
12 the future net salvage of the asset, generally is the basis for the selection of the best estimate  
13 of future net salvage for each account.

14 **Q. IS THE APPROACH YOU JUST DESCRIBED CONSISTENT WITH THE**  
15 **GENERALLY ACCEPTED APPROACH TO THE ANALYSIS OF NET SALVAGE**  
16 **IN THE INDUSTRY?**

17 **A.** Yes, my approach is consistent with NARUC’s 1996 Public Utilities Depreciation  
18 Practices Manual and other authoritative texts. It is also the generally accepted  
19 methodology for the analysis of net salvage across most of the jurisdictions in the country.

20 **Q. HAVE YOU USED THE NET SALVAGE APPROACH YOU JUST DESCRIBED**  
21 **IN YOUR STUDY IN THIS CASE?**

22 **A.** No. I have not.

23 **Q. WHY NOT?**

1 A. Consistent with the stipulations approved in prior SJG cases, net salvage is calculated by  
2 taking the average of the actual net salvage expense incurred over most recent three or five  
3 year periods. While I and SJG disagree with this position, to avoid repeated litigation over  
4 the net salvage methodology, we used the approach approved by the BPU in prior cases.

5 **Q. WHAT METHODOLOGY HAVE YOU USED IN THIS CASE?**

6 A. The Company directed me to use the most recent five-year average net salvage as the  
7 allowance. As a result, I have utilized the average net salvage expense for the most recently  
8 completed five-year period of 2020-2024. This calculation resulted in net salvage of  
9 \$5,472,514, which will be added annually to the annual depreciation expense accrual for  
10 net salvage. This calculation is provided in Schedule DAW-2, Appendix D. The previous  
11 net salvage amount was stipulated at \$7,290,342.

12 **Q. WHAT IS CAUSING THE 5-YEAR AVERAGE TO DECREASE?**

13 A. The level of accelerated infrastructure replacement program retirement activities that were  
14 occurring have subsided.

15 **Q. IN YOUR JUDGMENT WHAT IS THE EFFECT OF UTILIZING THE**  
16 **AVERAGE OF RECENT YEAR'S NET SALVAGE EXPENSE TO CALCULATE**  
17 **NET SALVAGE?**

18 A. It disregards the growth in net salvage percentage as plant ages and the growth in total  
19 removal cost required as larger portions of the asset base are retired – to some extent  
20 disregarding accrual accounting. As a result, it causes an intergenerational shift, whereby  
21 the burden of net salvage is shifted from today's customers and placed upon our children  
22 and grandchildren.

**Q. IS THIS A REASONABLE METHOD FOR DETERMINING NET SALVAGE RATES?**

**A.** No, not in my opinion and not by the majority of utilities and state commissions who have utilized and adopted the traditional net salvage methodology. Additionally, there are authoritative texts<sup>2</sup> that also describe and support the traditional net salvage methodology.

**IV. CONCLUSION**

**Q. WHAT ACCOUNT DEPRECIATION RATES ARE YOU PROPOSING, AND HOW DO THEY COMPARE WITH THE CURRENT RATES?**

**A.** The current depreciation rates and the rates I am now proposing are found in Schedule DAW-2. Detailed calculations and comparisons of these rates are found in Appendices A and B of Schedule DAW-2.

**Q. MR. WATSON, DO YOU HAVE ANY CONCLUDING REMARKS?**

**A.** Yes. The depreciation study and analysis performed under my supervision fully support setting depreciation rates at the level I have indicated in my testimony. The Company should continue to periodically review the annual depreciation rates for its property. In this way, all customers are charged for their appropriate share of the capital expended for their benefit. The depreciation study for SJG depreciable property as of December 31, 2024 describes the extensive analysis performed and the resulting rates that are now appropriate for Company property. The Company's depreciation rates should be set at my recommended amounts in order to recover the Company's total investment in property over the estimated remaining life of the assets.

---

<sup>2</sup> *The Estimation of Depreciation*, by Drs. Fitch, Wolf and Bissinger and the National Association of Regulatory Utility Commissioners' *Public Utility Depreciation Practices*.

1    **Q.**     **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2    **A.**     Yes, it does.

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                              | <b>Docket (If Applicable)</b> | <b>Company</b>                              | <b>Year</b> | <b>Description</b>                                    |
|-----------------------|------------------------------------------------|-------------------------------|---------------------------------------------|-------------|-------------------------------------------------------|
| New Mexico            | New Mexico Public Regulation Commission        | 25-00079-UT                   | Southwestern Public Service Company         | 2025        | Electric Depreciation Study                           |
| Multi State           | FERC                                           | ER26-408-000                  | Entergy Services                            | 2025        | Electric Depreciation Study                           |
| Multi State           | FERC                                           | ER26-263-000                  | Entergy Services                            | 2025        | Electric Depreciation Study                           |
| Colorado              | Colorado Public Utilities Commission           | 25AL-0494E                    | Xcel PSCO Electric                          | 2025        | Electric Depreciation Study                           |
| Texas                 | Public Utility Commission of Texas             | 58964                         | Texas New Mexico Power                      | 2025        | Electric Depreciation Rate Study                      |
| Rhode Island          | State of Rhode Island Utilities Commission     | 25-30-WW                      | Veolia Rhode Island Water                   | 2025        | Water Depreciation Study                              |
| Missouri              | Public Service Commission of State of Missouri | ER-2024-0261                  | Liberty Empire Electric Missouri            | 2025        | Electric Generation Accrual Rates                     |
| New Jersey            | New Jersey Board of Public Utilities           | WR25060372                    | Middlesex Water                             | 2025        | Water and Waste Water Depreciation Study              |
| Texas                 | Public Utility Commission of Texas             | 58306                         | Oncor                                       | 2025        | Depreciation Study                                    |
| Mississippi           | Mississippi Public Service Commission          | 2025-US-59                    | Atmos Energy                                | 2025        | Gas Depreciation Study                                |
| Delaware & New Jersey | FERC                                           | ER25-6061                     | Silver Run Electric, LLC                    | 2025        | Electric Depreciation Study                           |
| Nevada & Idaho        | FERC                                           | ER25-2025                     | Great Basin Transmission, LLC               | 2025        | Electric Depreciation Study                           |
| Texas                 | Public Utility Commission of Texas             | Docket 57994                  | Sharyland Utilities                         | 2025        | Electric Depreciation Study                           |
| Colorado              | Colorado Public Utilities Commission           | 25A-0165G                     | Public Service Company of Colorado          | 2025        | Gas Depreciation Study                                |
| Texas                 | Public Utility Commission of Texas             | 57467                         | Cross Texas Transmission                    | 2025        | Electric Depreciation Study                           |
| Delaware              | Delaware Public Service Commission             | Docket 25-0037                | Veolia Delaware                             | 2024        | Water Depreciation Study                              |
| Texas                 | Public Utility Commission of Texas             | 57299                         | Wind Energy Transmission Texas              | 2024        | Wind Depreciation Rate Study                          |
| Tennessee             | Tennessee Public Utility Commission            | 24-00085                      | Piedmont Natural Gas                        | 2024        | Gas Depreciation Study                                |
| Texas                 | Railroad Commission of Texas                   | No. 00019196                  | Atmos Mid-Tex                               | 2024        | Gas Depreciation Study                                |
| California            | FERC                                           | ER25-270-000                  | San Diego Gas and Electric                  | 2024        | TO6                                                   |
| Texas                 | Railroad Commission of Texas                   | No. 00018879                  | Atmos West Texas                            | 2024        | Natural Gas Depreciation Study                        |
| South Carolina        | South Carolina Public Service Commission       | 2024-179-G                    | Piedmont Natural Gas                        | 2024        | Natural Gas Depreciation Study                        |
| Michigan              | Michigan Public Service Commission             | U-21542                       | Upper Michigan Energy Resources Corporation | 2024        | Reciprocating Internal Combustion Engine (RICE) Units |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                      | <b>Docket (If Applicable)</b> | <b>Company</b>                         | <b>Year</b> | <b>Description</b>                  |
|-----------------------|----------------------------------------|-------------------------------|----------------------------------------|-------------|-------------------------------------|
| California            | California Public Utilities Commission | A2407003                      | California Water Service               | 2024        | Water Depreciation Study            |
| Alaska                | Regulatory Commission of Alaska        | U-24-017                      | Matanuska Electric Coop                | 2024        | Electric Depreciation Study         |
| New Mexico            | Public Service of New Mexico           | 24-00089-UT                   | PNM Resources                          | 2024        | Electric Technical Update           |
| Texas                 | Railroad Commission of Texas           | 17816                         | West Texas Gas                         | 2024        | Gas Depreciation Study              |
| Texas                 | Public Utility Commission of Texas     | 56665                         | Texas Water Utilities                  | 2024        | Water Depreciation Study            |
| Multi-state           | FERC                                   | EL24-60-000                   | Viridon Mid-Atlantic LLC               | 2024        | Electric Depreciation Study         |
| Multi-state           | FERC                                   | EL24-66-000                   | Viridon Southwest LLC                  | 2024        | Electric Depreciation Study         |
| Multi-state           | FERC                                   | EL24-67-000                   | Viridon New York Inc.                  | 2024        | Electric Depreciation Study         |
| Multi-state           | FERC                                   | EL24-69-000                   | Viridon Midcontinent LLC               | 2024        | Electric Depreciation Study         |
| North Carolina        | North Carolina Utilities Commission    | G-9, Sub 837                  | Piedmont Natural Gas                   | 2024        | Gas Depreciation Study              |
| Mississippi           | FERC                                   | ER-24-1652-000                | Mississippi Power Company              | 2024        | Electric Depreciation Study         |
| New Jersey            | New Jersey Board of Public Utilities   | GR24020158                    | Elizabethtown Gas Company              | 2024        | Gas Depreciation Study              |
| Texas New Mexico      | FERC                                   | ER24-1431-000                 | Southwestern Public Service Company    | 2024        | Electric Technical Update           |
| Missouri              | Missouri Public Service Commission     | WR-2024-0104                  | Liberty Utilities Missouri Water       | 2024        | Water Depreciation Study            |
| Missouri              | Missouri Public Service Commission     | SR-2024-0105                  | Liberty Utilities Missouri Waste Water | 2024        | Waste Water Depreciation Study      |
| Texas                 | Public Utility Commission of Texas     | 56211                         | CenterPoint                            | 2024        | Electric Depreciation Study         |
| California            | California Public Utilities Commission | A.24-01-001                   | San Jose Water Co                      | 2024        | Water/Wastewater Depreciation Study |
| Missouri              | Missouri Public Service Commission     | GR-2024-0106                  | Liberty Utilities Mid States Gas       | 2024        | Gas Depreciation Study              |
| Pennsylvania          | Pennsylvania Public Utility Commission | R-2024-3045193                | Veolia Pennsylvania                    | 2024        | WasteWater Depreciation Study       |
| Pennsylvania          | Pennsylvania Public Utility Commission | R-2024-3045192                | Veolia Pennsylvania                    | 2024        | Water Depreciation Study            |
| Arkansas              | Arkansas Public Service Commission     | 23-079-U                      | Summit Utilities Arkansas              | 2024        | Gas Depreciation Study              |
| Colorado              | Colorado Public Utilities Commission   | 23A-0632G                     | Atmos Energy                           | 2023        | Gas Clean Heat Plan                 |
| Illinois              | Illinois Commerce Commission           | 24-0043                       | Liberty Mid States Gas-Illinois        | 2023        | Gas Depreciation Study              |
| Oklahoma              | Oklahoma Corporation Commission        | 2023-00087                    | Oklahoma Gas & Electric                | 2023        | Electric Depreciation Study         |



**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                        | <b>Docket (If Applicable)</b> | <b>Company</b>                              | <b>Year</b> | <b>Description</b>                                   |
|-----------------------|------------------------------------------|-------------------------------|---------------------------------------------|-------------|------------------------------------------------------|
| Michigan              | Michigan Public Service Commission       | 21513                         | Upper Peninsula Power Company               | 2023        | Electric Depreciation Study                          |
| Texas                 | Public Utility Commission of Texas       | 55867                         | Lower Colorado River Authority              | 2023        | Electric Depreciation Study                          |
| Texas                 | Railroad Commission of Texas             | Case No. OS-23-00015513       | CenterPoint Texas Gas                       | 2023        | Gas Depreciation Study                               |
| Nevada                | Public Utility Commission of Nevada      | 23-090-12                     | Southwest Gas                               | 2023        | Gas Depreciation Study - Nevada Division             |
| Louisiana             | Public Service Commission of Louisiana   | 36959                         | Entergy Louisiana                           | 2023        | Electric Depreciation Study                          |
| Texas                 | Railroad Commission of Texas             | 13758                         | Atmos Energy - APT                          | 2023        | Gas Depreciation Study                               |
| Florida               | Florida Public Service Commission        | 20230023                      | Peoples Gas System                          | 2023        | Gas Depreciation Study                               |
| Texas                 | Public Utility Commission of Texas       | 54565                         | Central States Water Resources (CSWR Texas) | 2023        | Water Depreciation Study                             |
| New York              | New York State Public Service Commission | 23-W-0111                     | Veolia New York                             | 2023        | Water Depreciation Study                             |
| Arkansas              | Arkansas Public Service Commission       | 22-085-U                      | Empire District Electric Company            | 2023        | Electric Depreciation Study                          |
| Texas                 | Public Utility Commission of Texas       | 54634                         | Southwestern Public Service Company         | 2023        | Electric Technical Update                            |
| Louisiana             | Louisiana Public Service Commission      | U-36923                       | Cleco                                       | 2023        | Electric Depreciation study                          |
| Arkansas              | Arkansas Public Service Commission       | 22-085-U                      | Liberty Empire Electric Arkansas            | 2023        | Electric Depreciation Study                          |
| Florida               | Florida Public Service Commission        | 20220219                      | People Gas System                           | 2022        | Gas Depreciation Study                               |
| Michigan              | Michigan Public Service Commission       | U-21329                       | Michigan Gas Utilities Corporation          | 2022        | Gas Depreciation Study                               |
| New Mexico            | New Mexico Public Regulation Commission  | 22-00270-UT                   | Public Service of New Mexico                | 2022        | Electric Depreciation Study                          |
| New Mexico            | New Mexico Public Regulation Commission  | 22-00286-UT                   | Southwestern Public Service Company         | 2022        | Electric Technical Update                            |
| Michigan              | Michigan Public Service Commission       | U-21294                       | SEMCO Gas                                   | 2022        | Gas Depreciation Study                               |
| Arkansas              | Arkansas Public Service Commission       | 22-064-U                      | Liberty Pine Bluff Water                    | 2022        | Water Depreciation Study                             |
| Colorado              | Colorado Public Utilities Commission     | 22AL-0348G                    | Atmos Energy                                | 2022        | Gas Depreciation Study                               |
| New York              | FERC                                     | ER22-2581-000                 | New York Power Authority                    | 2022        | Electric Transmission and General Depreciation Study |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                        | <b>Docket (If Applicable)</b>               | <b>Company</b>                     | <b>Year</b> | <b>Description</b>                                                     |
|-----------------------|------------------------------------------|---------------------------------------------|------------------------------------|-------------|------------------------------------------------------------------------|
| South Carolina        | South Carolina Public Service Commission | 2022-89-G                                   | Piedmont Natural Gas               | 2022        | Natural Gas Depreciation Study                                         |
| Alaska                | Regulatory Commission of Alaska          | U-22-034                                    | Chugach Electric Association       | 2022        | Electric Depreciation Study                                            |
| Georgia               | Georgia Public Service Commission        | 44280                                       | Georgia Power Company              | 2022        | Electric Depreciation Study                                            |
| Texas                 | Public Utility Commission of Texas       | 53719                                       | Entergy Texas                      | 2022        | Electric Depreciation Study                                            |
| California            | California Public Utilities Commission   | A22-005-016                                 | San Diego Gas and Electric         | 2022        | Electric Gas and Common Depreciation Study                             |
| California            | California Public Utilities Commission   | A22-005-015                                 | Southern California Gas            | 2022        | Gas Depreciation Study                                                 |
| Colorado              | Colorado Public Utilities Commission     | 22AL-0046G                                  | Public Service of Colorado         | 2022        | Gas Alternatives to Climate Goals                                      |
| Texas                 | Public Utility Commission of Texas       | 53601                                       | Oncor Electric Delivery            | 2022        | Electric Depreciation Study                                            |
| New Jersey            | New Jersey Board of Public Utilities     | GR2222040253                                | South Jersey Gas                   | 2022        | Gas Depreciation Study                                                 |
| Oklahoma              | Corporation Commission of Oklahoma       | PUD 202100163                               | Empire District Electric Company   | 2022        | Electric Depreciation Study                                            |
| Michigan              | Michigan Public Service Commission       | U-21176                                     | Consumers Gas                      | 2021        | Gas Depreciation Study                                                 |
| New Jersey            | New Jersey Board of Public Utilities     | GR21121254                                  | Elizabethtown Natural Gas          | 2021        | Gas Depreciation Study                                                 |
| Alaska                | Regulatory Commission of Alaska          | TA116-118, TA115-97, TA160-37 and TA110-290 | Fairbanks Water and Wastewater     | 2021        | Water and Waste Water Depreciation Study                               |
| Alaska                | Regulatory Commission of Alaska          | U-21-025                                    | Golden Valley Electric Association | 2021        | Electric Depreciation Study                                            |
| Colorado              | Public Utilities Commission of Colorado  | 21AL-0317E                                  | Public Service of Colorado         | 2021        | Electric and Common Depreciation Study                                 |
| Wisconsin             | Public Service Commission of Wisconsin   | 5-DU-103                                    | WE Energies                        | 2021        | Electric and Gas Depreciation Study                                    |
| Kentucky              | Public Service Commission of Kentucky    | 2021-00214                                  | Atmos Kentucky                     | 2021        | Gas Depreciation Study                                                 |
| Missouri              | Missouri Public Service Commission       | ER-2021-0312                                | Empire District Electric Company   | 2021        | Electric Depreciation Study                                            |
| Louisiana             | Louisiana Public Service Commission      | U-35951                                     | Atmos Louisiana                    | 2021        | Gas Depreciation Study                                                 |
| Minnesota             | Minnesota Public Utilities Commission    | E015-D-21-229                               | Allete Minnesota Power             | 2021        | Intangible, Transmission, Distribution, and General Depreciation Study |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                       | <b>Docket (If Applicable)</b> | <b>Company</b>                            | <b>Year</b> | <b>Description</b>                          |
|-----------------------|-----------------------------------------|-------------------------------|-------------------------------------------|-------------|---------------------------------------------|
| Michigan              | Michigan Public Service Commission      | U-20849                       | Consumers Energy                          | 2021        | Electric and Common Depreciation Study      |
| Texas                 | Public Utility Commission of Texas      | 51802                         | Southwestern Public Service Company       | 2021        | Electric Technical Update                   |
| MultiState            | FERC                                    | RP21-441-000                  | Florida Gas Transmission                  | 2021        | Gas Depreciation Study                      |
| New Mexico            | New Mexico Public Regulation Commission | 20-00238-UT                   | Southwestern Public Service Company       | 2021        | Electric Technical Update                   |
| MultiState            | FERC                                    | ER21-709-000                  | American Transmission Company             | 2020        | Electric Depreciation Study                 |
| Texas                 | Public Utility Commission of Texas      | 51611                         | Sharyland Utilities                       | 2020        | Electric Depreciation Study                 |
| Texas                 | Public Utility Commission of Texas      | 51536                         | Brownsville Public Utilities Board        | 2020        | Electric Depreciation Study                 |
| New Jersey            | New Jersey Board of Public Utilities    | WR20110729                    | Suez Water New Jersey                     | 2020        | Water and Waste Water Depreciation Study    |
| Idaho                 | Idaho Public Service Commission         | SUZ-W-20-02                   | Suez Water Idaho                          | 2020        | Water Depreciation Study                    |
| Texas                 | Public Utility Commission of Texas      | 50944                         | Monarch Utilities                         | 2020        | Water and Waste Water Depreciation Study    |
| Michigan              | Michigan Public Service Commission      | U-20844                       | Consumers Energy/DTE Electric             | 2020        | Ludington Pumped Storage Depreciation Study |
| Tennessee             | Tennessee Public Utility Commission     | 20-00086                      | Piedmont Natural Gas                      | 2020        | Gas Depreciation Study                      |
| Texas                 | Railroad Commission of Texas            | OS-00005136                   | CoServ Gas                                | 2020        | Gas Depreciation Study                      |
| Texas                 | Railroad Commission of Texas            | GUD 10988                     | EPCOR Gas Texas                           | 2020        | Gas Depreciation Study                      |
| Florida               | Florida Public Service Commission       | 20200166-GU                   | People Gas System                         | 2020        | Gas Depreciation Study                      |
| Mississippi           | Federal Energy Regulatory Commission    | ER20-1660-000                 | Mississippi Power Company                 | 2020        | Electric Depreciation Study                 |
| Texas                 | Public Utility Commission of Texas      | 50557                         | Corix Utilities                           | 2020        | Water and Waste Water Depreciation Study    |
| Georgia               | Georgia Public Service Commission       | 42959                         | Liberty Utilities Peach State Natural Gas | 2020        | Gas Depreciation Study                      |
| New Jersey            | New Jersey Board of Public Utilities    | GR20030243                    | South Jersey Gas                          | 2020        | Gas Depreciation Study                      |
| Colorado              | Colorado Public Utilities Commission    | 20AL-0049G                    | Public Service of Colorado                | 2020        | Gas Depreciation Study                      |
| New York              | Federal Energy Regulatory Commission    | ER20-716-000                  | LS Power Grid New York, Corp.             | 2019        | Electric Transmission Depreciation Study    |
| Mississippi           | Mississippi Public Service Commission   | 2019-UN-219                   | Mississippi Power Company                 | 2019        | Electric Depreciation Study                 |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                       | <b>Docket (If Applicable)</b> | <b>Company</b>                              | <b>Year</b> | <b>Description</b>                                       |
|-----------------------|-----------------------------------------|-------------------------------|---------------------------------------------|-------------|----------------------------------------------------------|
| Texas                 | Public Utility Commission of Texas      | 50288                         | Kerrville Public Utility District           | 2019        | Electric Depreciation Study                              |
| Texas                 | Railroad Commission of Texas            | GUD 10920                     | CenterPoint Gas                             | 2019        | Gas Depreciation Study and Propane Air Study             |
| Texas, New Mexico     | Federal Energy Regulatory Commission    | ER20-277-000                  | Southwestern Public Service Company         | 2019        | Electric Production and General Plant Depreciation Study |
| Alaska                | Regulatory Commission of Alaska         | U-19-086                      | Alaska Electric Light and Power             | 2019        | Electric Depreciation Study                              |
| Delaware              | Delaware Public Service Commission      | 19-0615                       | Suez Water Delaware                         | 2019        | Water Depreciation Study                                 |
| Texas                 | Public Utility Commission of Texas      | 49831                         | Southwestern Public Service Company         | 2019        | Electric Depreciation Study                              |
| New Mexico            | New Mexico Public Regulation Commission | 19-00170-UT                   | Southwestern Public Service Company         | 2019        | Electric Depreciation Study                              |
| Georgia               | Georgia Public Service Commission       | 42516                         | Georgia Power Company                       | 2019        | Electric Depreciation Study                              |
| Georgia               | Georgia Public Service Commission       | 42315                         | Atlanta Gas Light                           | 2019        | Gas Depreciation Study                                   |
| Arizona               | Arizona Corporation Commission          | G-01551A-19-0055              | Southwest Gas Corporation                   | 2019        | Gas Removal Cost Study                                   |
| New Hampshire         | New Hampshire Public Service Commission | DE 19-064                     | Liberty Utilities                           | 2019        | Electric Distribution and General                        |
| New Jersey            | New Jersey Board of Public Utilities    | GR19040486                    | Elizabethtown Natural Gas                   | 2019        | Gas Depreciation Study                                   |
| Texas                 | Public Utility Commission of Texas      | 49421                         | CenterPoint Houston Electric LLC            | 2019        | Electric Depreciation Study                              |
| North Carolina        | North Carolina Utilities Commission     | Docket No. G-9, Sub 743       | Piedmont Natural Gas                        | 2019        | Gas Depreciation Study                                   |
| Alaska                | Regulatory Commission of Alaska         | U-18-121                      | Municipal Power and Light City of Anchorage | 2018        | Electric Depreciation Study                              |
| Various               | FERC                                    | RP19-352-000                  | Sea Robin                                   | 2018        | Gas Depreciation Study                                   |
| Texas New Mexico      | Federal Energy Regulatory Commission    | ER19-404-000                  | Southwestern Public Service Company         | 2018        | Electric Transmission Depreciation Study                 |
| California            | Federal Energy Regulatory Commission    | ER19-221-000                  | San Diego Gas and Electric                  | 2018        | Electric Transmission Depreciation Study                 |
| Kentucky              | Kentucky Public Service Commission      | 2018-00281                    | Atmos Kentucky                              | 2018        | Gas Depreciation Study                                   |
| Alaska                | Regulatory Commission of Alaska         | U-18-054                      | Matanuska Electric Coop                     | 2018        | Electric Generation Depreciation Study                   |
| California            | California Public Utilities Commission  | A17-10-007                    | San Diego Gas and Electric                  | 2018        | Electric and Gas Depreciation Study                      |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                   | <b>Docket (If Applicable)</b> | <b>Company</b>                      | <b>Year</b> | <b>Description</b>                         |
|-----------------------|-------------------------------------|-------------------------------|-------------------------------------|-------------|--------------------------------------------|
| Texas                 | Public Utility Commission of Texas  | 48401                         | Texas New Mexico Power              | 2018        | Electric Depreciation Study                |
| Nevada                | Public Utility Commission of Nevada | 18-05031                      | Southwest Gas                       | 2018        | Gas Depreciation Study                     |
| Texas                 | Public Utility Commission of Texas  | 48231                         | Oncor Electric Delivery             | 2018        | Depreciation Rates                         |
| Texas                 | Public Utility Commission of Texas  | 48371                         | Entergy Texas                       | 2018        | Electric Depreciation Study                |
| Kansas                | Kansas Corporation Commission       | 18-KCPE-480-RTS               | Kansas City Power and Light         | 2018        | Electric Depreciation Study                |
| Arkansas              | Arkansas Public Service Commission  | 18-027-U                      | Liberty Pine Bluff Water            | 2018        | Water Depreciation Study                   |
| Kentucky              | Kentucky Public Service Commission  | 2017-00349                    | Atmos KY                            | 2018        | Gas Depreciation Rates                     |
| Tennessee             | Tennessee Public Utility Commission | 18-00017                      | Chattanooga Gas                     | 2018        | Gas Depreciation Study                     |
| Texas                 | Railroad Commission of Texas        | 10679                         | Si Energy                           | 2018        | Gas Depreciation Study                     |
| Alaska                | Regulatory Commission of Alaska     | U-17-104                      | Anchorage Water and Wastewater      | 2017        | Water and Waste Water Depreciation Study   |
| Michigan              | Michigan Public Service Commission  | U-18488                       | Michigan Gas Utilities Corporation  | 2017        | Gas Depreciation Study                     |
| Texas                 | Railroad Commission of Texas        | 10669                         | CenterPoint South Texas             | 2017        | Gas Depreciation Study                     |
| Arkansas              | Arkansas Public Service Commission  | 17-061-U                      | Empire District Electric Company    | 2017        | Depreciation Rates for New Wind Generation |
| Kansas                | Kansas Corporation Commission       | 18-EPDE-184-PRE               | Empire District Electric Company    | 2017        | Depreciation Rates for New Wind Generation |
| Oklahoma              | Oklahoma Corporation Commission     | PUD 201700471                 | Empire District Electric Company    | 2017        | Depreciation Rates for New Wind Generation |
| Missouri              | Missouri Public Service Commission  | EO-2018-0092                  | Empire District Electric Company    | 2017        | Depreciation Rates for New Wind Generation |
| Michigan              | Michigan Public Service Commission  | U-18457                       | Upper Peninsula Power Company       | 2017        | Electric Depreciation Study                |
| Florida               | Florida Public Service Commission   | 20170179-GU                   | Florida City Gas                    | 2017        | Gas Depreciation Study                     |
| Michigan              | FERC                                | ER18-56-000                   | Consumers Energy                    | 2017        | Electric Depreciation Study                |
| Missouri              | Missouri Public Service Commission  | GR-2018-0013                  | Liberty Utilities                   | 2017        | Gas Depreciation Study                     |
| Michigan              | Michigan Public Service Commission  | U-18452                       | SEMCO                               | 2017        | Gas Depreciation Study                     |
| Texas                 | Public Utility Commission of Texas  | 47527                         | Southwestern Public Service Company | 2017        | Electric Production Depreciation Study     |
| MultiState            | FERC                                | ER17-1664                     | American Transmission Company       | 2017        | Electric Depreciation Study                |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                      | <b>Docket (If Applicable)</b> | <b>Company</b>                              | <b>Year</b> | <b>Description</b>                          |
|-----------------------|----------------------------------------|-------------------------------|---------------------------------------------|-------------|---------------------------------------------|
| Alaska                | Regulatory Commission of Alaska        | U-17-008                      | Municipal Power and Light City of Anchorage | 2017        | Generating Unit Depreciation Study          |
| Mississippi           | Mississippi Public Service Commission  | 2017-UN-041                   | Atmos Energy                                | 2017        | Gas Depreciation Study                      |
| Texas                 | Public Utility Commission of Texas     | 46957                         | Oncor Electric Delivery                     | 2017        | Electric Depreciation Study                 |
| Oklahoma              | Oklahoma Corporation Commission        | PUD 201700078                 | CenterPoint Oklahoma                        | 2017        | Gas Depreciation Study                      |
| New York              | FERC                                   | ER17-1010-000                 | New York Power Authority                    | 2017        | Electric Depreciation Study                 |
| Texas                 | Railroad Commission of Texas           | GUD 10580                     | Atmos Pipeline Texas                        | 2017        | Gas Depreciation Study                      |
| Texas                 | Railroad Commission of Texas           | GUD 10567                     | CenterPoint Texas                           | 2016        | Gas Depreciation Study                      |
| MultiState            | FERC                                   | ER17-191-000                  | American Transmission Company               | 2016        | Electric Depreciation Study                 |
| New Jersey            | New Jersey Board of Public Utilities   | GR16090826                    | Elizabethtown Natural Gas                   | 2016        | Gas Depreciation Study                      |
| Michigan              | Michigan Public Service Commission     | U-18195                       | Consumers Energy/DTE Electric               | 2016        | Ludington Pumped Storage Depreciation Study |
| Alabama               | FERC                                   | ER16-2313-000                 | SEGCO                                       | 2016        | Electric Depreciation Study                 |
| Alabama               | FERC                                   | ER16-2312-000                 | Alabama Power Company                       | 2016        | Electric Depreciation Study                 |
| Michigan              | Michigan Public Service Commission     | U-18127                       | Consumers Energy                            | 2016        | Natural Gas Depreciation Study              |
| Mississippi           | Mississippi Public Service Commission  | 2016 UN 267                   | Willmut Natural Gas                         | 2016        | Natural Gas Depreciation Study              |
| Iowa                  | Iowa Utilities Board                   | RPU-2016-0003                 | Liberty-Iowa                                | 2016        | Natural Gas Depreciation Study              |
| Illinois              | Illinois Commerce Commission           | GRM #16-208                   | Liberty-Illinois                            | 2016        | Natural Gas Depreciation Study              |
| Kentucky              | FERC                                   | RP16-097-000                  | KOT                                         | 2016        | Natural Gas Depreciation Study              |
| Alaska                | Regulatory Commission of Alaska        | U-16-067                      | Alaska Electric Light and Power             | 2016        | Generating Unit Depreciation Study          |
| Florida               | Florida Public Service Commission      | 160170-EI                     | Gulf Power                                  | 2016        | Electric Depreciation Study                 |
| California            | California Public Utilities Commission | A 16-07-002                   | California American Water                   | 2016        | Water and Waste Water Depreciation Study    |
| Arizona               | Arizona Corporation Commission         | G-01551A-16-0107              | Southwest Gas                               | 2016        | Gas Depreciation Study                      |
| Texas                 | Public Utility Commission of Texas     | 45414                         | Sharyland                                   | 2016        | Electric Depreciation Study                 |
| Colorado              | Colorado Public Utilities Commission   | 16A-0231E                     | Public Service Company of Colorado          | 2016        | Electric Depreciation Study                 |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b>    | <b>Commission</b>                       | <b>Docket (If Applicable)</b> | <b>Company</b>                          | <b>Year</b> | <b>Description</b>                               |
|--------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|-------------|--------------------------------------------------|
| Multi-State NE US        | FERC                                    | 16-453-000                    | Northeast Transmission Development, LLC | 2015        | Electric Depreciation Study                      |
| Arkansas                 | Arkansas Public Service Commission      | 15-098-U                      | CenterPoint Arkansas                    | 2015        | Gas Depreciation Study and Cost of Removal Study |
| New Mexico               | New Mexico Public Regulation Commission | 15-00296-UT                   | Southwestern Public Service Company     | 2015        | Electric Depreciation Study                      |
| Atmos Energy Corporation | Tennessee Regulatory Authority          | 14-00146                      | Atmos Tennessee                         | 2015        | Natural Gas Depreciation Study                   |
| New Mexico               | New Mexico Public Regulation Commission | 15-00261-UT                   | Public Service Company of New Mexico    | 2015        | Electric Depreciation Study                      |
| Hawaii                   | NA                                      | NA                            | Hawaii American Water                   | 2015        | Water/Wastewater Depreciation Study              |
| Kansas                   | Kansas Corporation Commission           | 16-ATMG-079-RTS               | Atmos Kansas                            | 2015        | Gas Depreciation Study                           |
| Texas                    | Public Utility Commission of Texas      | 44704                         | Entergy Texas                           | 2015        | Electric Depreciation Study                      |
| Alaska                   | Regulatory Commission of Alaska         | U-15-089                      | Fairbanks Water and Wastewater          | 2015        | Water and Waste Water Depreciation Study         |
| Arkansas                 | Arkansas Public Service Commission      | 15-031-U                      | Source Gas Arkansas                     | 2015        | Underground Storage Gas Depreciation Study       |
| New Mexico               | New Mexico Public Regulation Commission | 15-00139-UT                   | Southwestern Public Service Company     | 2015        | Electric Depreciation Study                      |
| Texas                    | Public Utility Commission of Texas      | 44746                         | Wind Energy Transmission Texas          | 2015        | Electric Depreciation Study                      |
| Colorado                 | Colorado Public Utilities Commission    | 15-AL-0299G                   | Atmos Colorado                          | 2015        | Gas Depreciation Study                           |
| Arkansas                 | Arkansas Public Service Commission      | 15-011-U                      | Source Gas Arkansas                     | 2015        | Gas Depreciation Study                           |
| Texas                    | Railroad Commission of Texas            | GUD 10432                     | CenterPoint- Texas Coast Division       | 2015        | Gas Depreciation Study                           |
| Kansas                   | Kansas Corporation Commission           | 15-KCPE-116-RTS               | Kansas City Power and Light             | 2015        | Electric Depreciation Study                      |
| Alaska                   | Regulatory Commission of Alaska         | U-14-120                      | Alaska Electric Light and Power         | 2014-2015   | Electric Depreciation Study                      |
| Texas                    | Public Utility Commission of Texas      | 43950                         | Cross Texas Transmission                | 2014        | Electric Depreciation Study                      |
| New Mexico               | New Mexico Public Regulation Commission | 14-00332-UT                   | Public Service of New Mexico            | 2014        | Electric Depreciation Study                      |
| Texas                    | Public Utility Commission of Texas      | 43695                         | Xcel Energy                             | 2014        | Electric Depreciation Study                      |
| Multi State – SE US      | FERC                                    | RP15-101                      | Florida Gas Transmission                | 2014        | Gas Transmission Depreciation Study              |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b>         | <b>Commission</b>                       | <b>Docket (If Applicable)</b> | <b>Company</b>                            | <b>Year</b> | <b>Description</b>                                                                   |
|-------------------------------|-----------------------------------------|-------------------------------|-------------------------------------------|-------------|--------------------------------------------------------------------------------------|
| California                    | California Public Utilities Commission  | A.14-07-006                   | Golden State Water                        | 2014        | Water and Waste Water Depreciation Study                                             |
| Michigan                      | Michigan Public Service Commission      | U-17653                       | Consumers Energy Company                  | 2014        | Electric and Common Depreciation Study                                               |
| Colorado                      | Public Utilities Commission of Colorado | 14AL-0660E                    | Public Service of Colorado                | 2014        | Electric Depreciation Study                                                          |
| Wisconsin                     | Wisconsin                               | 05-DU-102                     | WE Energies                               | 2014        | Electric, Gas, Steam and Common Depreciation Studies                                 |
| Texas                         | Public Utility Commission of Texas      | 42469                         | Lone Star Transmission                    | 2014        | Electric Depreciation Study                                                          |
| Nebraska                      | Nebraska Public Service Commission      | NG-0079                       | Source Gas Nebraska                       | 2014        | Gas Depreciation Study                                                               |
| Alaska                        | Regulatory Commission of Alaska         | U-14-055                      | TDX North Slope Generating                | 2014        | Electric Depreciation Study                                                          |
| Alaska                        | Regulatory Commission of Alaska         | U-14-054                      | Sand Point Generating LLC                 | 2014        | Electric Depreciation Study                                                          |
| Alaska                        | Regulatory Commission of Alaska         | U-14-045                      | Matanuska Electric Coop                   | 2014        | Electric Generation Depreciation Study                                               |
| Texas, New Mexico             | Public Utility Commission of Texas      | 42004                         | Southwestern Public Service Company       | 2013-2014   | Electric Production, Transmission, Distribution and General Plant Depreciation Study |
| New Jersey                    | New Jersey Board of Public Utilities    | GR13111137                    | South Jersey Gas                          | 2013        | Gas Depreciation Study                                                               |
| Various                       | FERC                                    | RP14-247-000                  | Sea Robin                                 | 2013        | Gas Depreciation Study                                                               |
| Arkansas                      | Arkansas Public Service Commission      | 13-078-U                      | Arkansas Oklahoma Gas                     | 2013        | Gas Depreciation Study                                                               |
| Arkansas                      | Arkansas Public Service Commission      | 13-079-U                      | Source Gas Arkansas                       | 2013        | Gas Depreciation Study                                                               |
| California                    | California Public Utilities Commission  | Proceeding No.: A.13-11-003   | Southern California Edison                | 2013        | Electric Depreciation Study                                                          |
| North Carolina/South Carolina | FERC                                    | ER13-1313                     | Progress Energy Carolina                  | 2013        | Electric Depreciation Study                                                          |
| Wisconsin                     | Public Service Commission of Wisconsin  | 4220-DU-108                   | Northern States Power Company - Wisconsin | 2013        | Electric, Gas and Common Transmission, Distribution and General                      |
| Texas                         | Public Utility Commission of Texas      | 41474                         | Sharyland                                 | 2013        | Electric Depreciation Study                                                          |
| Kentucky                      | Kentucky Public Service Commission      | 2013-00148                    | Atmos Energy Corporation                  | 2013        | Gas Depreciation Study                                                               |



**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                           | <b>Docket (If Applicable)</b> | <b>Company</b>                              | <b>Year</b> | <b>Description</b>                                              |
|-----------------------|---------------------------------------------|-------------------------------|---------------------------------------------|-------------|-----------------------------------------------------------------|
| Minnesota             | Minnesota Public Utilities Commission       | 13-252                        | Allete Minnesota Power                      | 2013        | Electric Depreciation Study                                     |
| New Hampshire         | New Hampshire Public Service Commission     | DE 13-063                     | Liberty Utilities                           | 2013        | Electric Distribution and General                               |
| Texas                 | Railroad Commission of Texas                | 10235                         | West Texas Gas                              | 2013        | Gas Depreciation Study                                          |
| Alaska                | Regulatory Commission of Alaska             | U-12-154                      | Alaska Telephone Company                    | 2012        | Telecommunications Utility                                      |
| New Mexico            | New Mexico Public Regulation Commission     | 12-00350-UT                   | Southwestern Public Service Company         | 2012        | Electric Depreciation Study                                     |
| Colorado              | Colorado Public Utilities Commission        | 12AL-1269ST                   | Public Service Company of Colorado          | 2012        | Gas and Steam Depreciation Study                                |
| Colorado              | Colorado Public Utilities Commission        | 12AL-1268G                    | Public Service Company of Colorado          | 2012        | Gas and Steam Depreciation Study                                |
| Alaska                | Regulatory Commission of Alaska             | U-12-149                      | Municipal Power and Light City of Anchorage | 2012        | Electric Depreciation Study                                     |
| Texas                 | Public Utility Commission of Texas          | 40824                         | Xcel Energy                                 | 2012        | Electric Depreciation Study                                     |
| South Carolina        | Public Service Commission of South Carolina | Docket 2012-384-E             | Progress Energy Carolina                    | 2012        | Electric Depreciation Study                                     |
| Alaska                | Regulatory Commission of Alaska             | U-12-141                      | Interior Telephone Company                  | 2012        | Telecommunications Utility                                      |
| Michigan              | Michigan Public Service Commission          | U-17104                       | Michigan Gas Utilities Corporation          | 2012        | Gas Depreciation Study                                          |
| North Carolina        | North Carolina Utilities Commission         | E-2 Sub 1025                  | Progress Energy Carolina                    | 2012        | Electric Depreciation Study                                     |
| Texas                 | Public Utility Commission of Texas          | 40606                         | Wind Energy Transmission Texas              | 2012        | Electric Depreciation Study                                     |
| Texas                 | Public Utility Commission of Texas          | 40604                         | Cross Texas Transmission                    | 2012        | Electric Depreciation Study                                     |
| Minnesota             | Minnesota Public Utilities Commission       | 12-858                        | Northern States Power Company - Minnesota   | 2012        | Electric, Gas and Common Transmission, Distribution and General |
| Texas                 | Railroad Commission of Texas                | 10170                         | Atmos Mid-Tex                               | 2012        | Gas Depreciation Study                                          |
| Texas                 | Railroad Commission of Texas                | 10174                         | Atmos West Texas                            | 2012        | Gas Depreciation Study                                          |
| Texas                 | Railroad Commission of Texas                | 10182                         | CenterPoint Beaumont/ East Texas            | 2012        | Gas Depreciation Study                                          |
| Kansas                | Kansas Corporation Commission               | 12-KCPE-764-RTS               | Kansas City Power and Light                 | 2012        | Electric Depreciation Study                                     |
| Nevada                | Public Utility Commission of Nevada         | 12-04005                      | Southwest Gas                               | 2012        | Gas Depreciation Study                                          |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                       | <b>Docket (If Applicable)</b> | <b>Company</b>                      | <b>Year</b> | <b>Description</b>           |
|-----------------------|-----------------------------------------|-------------------------------|-------------------------------------|-------------|------------------------------|
| Texas                 | Railroad Commission of Texas            | 10147, 10170                  | Atmos Mid-Tex                       | 2012        | Gas Depreciation Study       |
| Kansas                | Kansas Corporation Commission           | 12-ATMG-564-RTS               | Atmos Kansas                        | 2012        | Gas Depreciation Study       |
| Texas                 | Public Utility Commission of Texas      | 40020                         | Lone Star Transmission              | 2012        | Electric Depreciation Study  |
| Michigan              | Michigan Public Service Commission      | U-16938                       | Consumers Energy Company            | 2011        | Gas Depreciation Study       |
| Colorado              | Public Utilities Commission of Colorado | 11AL-947E                     | Public Service of Colorado          | 2011        | Electric Depreciation Study  |
| Texas                 | Public Utility Commission of Texas      | 39896                         | Entergy Texas                       | 2011        | Electric Depreciation Study  |
| MultiState            | FERC                                    | ER12-212                      | American Transmission Company       | 2011        | Electric Depreciation Study  |
| California            | California Public Utilities Commission  | A1011015                      | Southern California Edison          | 2011        | Electric Depreciation Study  |
| Mississippi           | Mississippi Public Service Commission   | 2011-UN-184                   | Atmos Energy                        | 2011        | Gas Depreciation Study       |
| Michigan              | Michigan Public Service Commission      | U-16536                       | Consumers Energy Company            | 2011        | Wind Depreciation Rate Study |
| Texas                 | Public Utility Commission of Texas      | 38929                         | Oncor                               | 2011        | Electric Depreciation Study  |
| Texas                 | Railroad Commission of Texas            | 10038                         | CenterPoint South TX                | 2010        | Gas Depreciation Study       |
| Alaska                | Regulatory Commission of Alaska         | U-10-070                      | Inside Passage Electric Cooperative | 2010        | Electric Depreciation Study  |
| Texas                 | Public Utility Commission of Texas      | 36633                         | City Public Service of San Antonio  | 2010        | Electric Depreciation Study  |
| Texas                 | Railroad Commission of Texas            | 10000                         | Atmos Pipeline Texas                | 2010        | Gas Depreciation Study       |
| Multi State – SE US   | FERC                                    | RP10-21-000                   | Florida Gas Transmission            | 2010        | Gas Depreciation Study       |
| Maine/ New Hampshire  | FERC                                    | 10-896                        | Granite State Gas Transmission      | 2010        | Gas Depreciation Study       |
| Texas                 | Public Utility Commission of Texas      | 38480                         | Texas New Mexico Power              | 2010        | Electric Depreciation Study  |
| Texas                 | Public Utility Commission of Texas      | 38339                         | CenterPoint Electric                | 2010        | Electric Depreciation Study  |
| Texas                 | Railroad Commission of Texas            | 10041                         | Atmos Amarillo                      | 2010        | Gas Depreciation Study       |
| Georgia               | Georgia Public Service Commission       | 31647                         | Atlanta Gas Light                   | 2010        | Gas Depreciation Study       |
| Texas                 | Public Utility Commission of Texas      | 38147                         | Southwestern Public Service         | 2010        | Electric Technical Update    |
| Alaska                | Regulatory Commission of Alaska         | U-09-015                      | Alaska Electric Light and Power     | 2009-2010   | Electric Depreciation Study  |
| Alaska                | Regulatory Commission of Alaska         | U-10-043                      | Utility Services of Alaska          | 2009-2010   | Water Depreciation Study     |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                       | <b>Docket (If Applicable)</b> | <b>Company</b>                            | <b>Year</b> | <b>Description</b>                                                                   |
|-----------------------|-----------------------------------------|-------------------------------|-------------------------------------------|-------------|--------------------------------------------------------------------------------------|
| Michigan              | Michigan Public Service Commission      | U-16055                       | Consumers Energy/DTE Energy               | 2009-2010   | Ludington Pumped Storage Depreciation Study                                          |
| Michigan              | Michigan Public Service Commission      | U-16054                       | Consumers Energy                          | 2009-2010   | Electric Depreciation Study                                                          |
| Michigan              | Michigan Public Service Commission      | U-15963                       | Michigan Gas Utilities Corporation        | 2009        | Gas Depreciation Study                                                               |
| Michigan              | Michigan Public Service Commission      | U-15989                       | Upper Peninsula Power Company             | 2009        | Electric Depreciation Study                                                          |
| Texas                 | Railroad Commission of Texas            | 9869                          | Atmos Energy                              | 2009        | Shared Services Depreciation Study                                                   |
| Mississippi           | Mississippi Public Service Commission   | 09-UN-334                     | CenterPoint Energy Mississippi            | 2009        | Gas Depreciation Study                                                               |
| Texas                 | Railroad Commission of Texas            | 9902                          | CenterPoint Energy Houston                | 2009        | Gas Depreciation Study                                                               |
| Colorado              | Colorado Public Utilities Commission    | 09AL-299E                     | Public Service Company of Colorado        | 2009        | Electric Depreciation Study                                                          |
| Louisiana             | Louisiana Public Service Commission     | U-30689                       | Cleco                                     | 2008        | Electric Depreciation Study                                                          |
| Texas                 | Public Utility Commission of Texas      | 35763                         | Southwestern Public Service Company       | 2008        | Electric Production, Transmission, Distribution and General Plant Depreciation Study |
| Wisconsin             | Wisconsin                               | 05-DU-101                     | WE Energies                               | 2008        | Electric, Gas, Steam and Common Depreciation Studies                                 |
| North Dakota          | North Dakota Public Service Commission  | PU-07-776                     | Northern States Power Company - Minnesota | 2008        | Net Salvage                                                                          |
| New Mexico            | New Mexico Public Regulation Commission | 07-00319-UT                   | Southwestern Public Service Company       | 2008        | Testimony – Depreciation                                                             |
| Multiple States       | Railroad Commission of Texas            | 9762                          | Atmos Energy                              | 2007-2008   | Shared Services Depreciation Study                                                   |
| Minnesota             | Minnesota Public Utilities Commission   | E015/D-08-422                 | Minnesota Power                           | 2007-2008   | Electric Depreciation Study                                                          |
| Texas                 | Public Utility Commission of Texas      | 35717                         | Oncor                                     | 2008        | Electric Depreciation Study                                                          |
| Texas                 | Public Utility Commission of Texas      | 34040                         | Oncor                                     | 2007        | Electric Depreciation Study                                                          |
| Michigan              | Michigan Public Service Commission      | U-15629                       | Consumers Energy                          | 2006-2009   | Gas Depreciation Study                                                               |
| Colorado              | Colorado Public Utilities Commission    | 06-234-EG                     | Public Service Company of Colorado        | 2006        | Electric Depreciation Study                                                          |
| Arkansas              | Arkansas Public Service Commission      | 06-161-U                      | CenterPoint Energy – Arkla Gas            | 2006        | Gas Distribution Depreciation Study and Removal Cost Study                           |

**Dane Watson Testimony Appearances**

| <b>Asset Location</b> | <b>Commission</b>                  | <b>Docket (If Applicable)</b> | <b>Company</b>                      | <b>Year</b> | <b>Description</b>                                                                   |
|-----------------------|------------------------------------|-------------------------------|-------------------------------------|-------------|--------------------------------------------------------------------------------------|
| Texas, New Mexico     | Public Utility Commission of Texas | 32766                         | Southwestern Public Service Company | 2005-2006   | Electric Production, Transmission, Distribution and General Plant Depreciation Study |
| Texas                 | Railroad Commission of Texas       | 9670/9676                     | Atmos Energy Corp                   | 2005-2006   | Gas Distribution Depreciation Study                                                  |
| Texas                 | Railroad Commission of Texas       | 9400                          | TXU Gas                             | 2003-2004   | Gas Distribution Depreciation Study                                                  |
| Texas                 | Railroad Commission of Texas       | 9313                          | TXU Gas                             | 2002        | Gas Distribution Depreciation Study                                                  |
| Texas                 | Railroad Commission of Texas       | 9225                          | TXU Gas                             | 2002        | Gas Distribution Depreciation Study                                                  |
| Texas                 | Public Utility Commission of Texas | 24060                         | TXU                                 | 2001        | Line Losses                                                                          |
| Texas                 | Public Utility Commission of Texas | 23640                         | TXU                                 | 2001        | Line Losses                                                                          |
| Texas                 | Railroad Commission of Texas       | 9145-9148                     | TXU Gas                             | 2000-2001   | Gas Distribution Depreciation Study                                                  |
| Texas                 | Public Utility Commission of Texas | 22350                         | TXU                                 | 2000-2001   | Electric Depreciation Study, Unbundling                                              |
| Texas                 | Railroad Commission of Texas       | 8976                          | TXU Pipeline                        | 1999        | Pipeline Depreciation Study                                                          |
| Texas                 | Public Utility Commission of Texas | 20285                         | TXU                                 | 1999        | Fuel Company Depreciation Study                                                      |
| Texas                 | Public Utility Commission of Texas | 18490                         | TXU                                 | 1998        | Transition to Competition                                                            |
| Texas                 | Public Utility Commission of Texas | 16650                         | TXU                                 | 1997        | Customer Complaint                                                                   |
| Texas                 | Public Utility Commission of Texas | 15195                         | TXU                                 | 1996        | Mining Company Depreciation Study                                                    |
| Texas                 | Public Utility Commission of Texas | 12160                         | TXU                                 | 1993        | Fuel Company Depreciation Study                                                      |
| Texas                 | Public Utility Commission of Texas | 11735                         | TXU                                 | 1993        | Electric Depreciation Study                                                          |

**SOUTH JERSEY GAS**  
**DEPRECIATION RATE STUDY**  
**As of December 31, 2024**



<http://www.utilityalliance.com>

**SOUTH JERSEY GAS  
DEPRECIATION RATE STUDY  
EXECUTIVE SUMMARY**

South Jersey Gas (“SJG” or “Company”) engaged Alliance Consulting Group (“Alliance”) to conduct a depreciation study of the Company’s natural gas operations depreciable assets as of fiscal year end December 31, 2024.

The existing depreciation rates were based on the straight-line method, average life group (“ALG”) procedure, and remaining-life technique. The same method, procedure, and technique are retained in this study. At the request of the Company, however, this study does not include a traditional net salvage approach. Instead, it includes a similar approach approved by the New Jersey Board of Public Utilities (“Board” or “BPU”) in the last case. The net salvage approach being proposed in this study utilizes the development of an annual amount (based on an average of the most recent five years incurred net salvage) to be accrued as part of the depreciation expense. The net salvage accrual of \$5,472,514 is shown in Appendix A and Appendix B. Appendix D provides the detailed calculation of the five year average net salvage amount of \$5,472,514. In total, this study recommends a decrease of approximately \$7.7 million in annual depreciation expense when compared to the depreciation rates currently in effect. Life estimates show the following changes: four accounts have an increase in life, four accounts have a decrease in life, and 28 accounts remain unchanged. For the remaining account, no comparison is possible.

The depreciation study Alliance conducted analyzed and developed depreciation recommendations at an account level resulting in annual depreciation accrual amounts and depreciation rates at that level. Appendix B demonstrates the change in depreciation expense.

**SOUTH JERSEY GAS**  
**DEPRECIATION RATE STUDY**  
**As of December 31, 2024**  
**Table of Contents**

|                                                                     |           |
|---------------------------------------------------------------------|-----------|
| <b>PURPOSE .....</b>                                                | <b>4</b>  |
| <b>STUDY RESULTS .....</b>                                          | <b>5</b>  |
| <b>GENERAL DISCUSSION.....</b>                                      | <b>6</b>  |
| <b>DEFINITION .....</b>                                             | <b>6</b>  |
| <b>BASIS OF DEPRECIATION ESTIMATES.....</b>                         | <b>6</b>  |
| <b>SURVIVOR CURVES .....</b>                                        | <b>8</b>  |
| <b>ACTUARIAL ANALYSIS.....</b>                                      | <b>10</b> |
| <b>JUDGMENT .....</b>                                               | <b>11</b> |
| <b>AVERAGE LIFE GROUP DEPRECIATION .....</b>                        | <b>12</b> |
| <b>THEORETICAL DEPRECIATION RESERVE.....</b>                        | <b>13</b> |
| <b>DETAILED DISCUSSION.....</b>                                     | <b>14</b> |
| <b>DEPRECIATION STUDY PROCESS .....</b>                             | <b>14</b> |
| <b>DEPRECIATION RATE CALCULATION .....</b>                          | <b>17</b> |
| <b>REMAINING LIFE CALCULATION .....</b>                             | <b>17</b> |
| <b>CALCULATION PROCESS .....</b>                                    | <b>17</b> |
| <b>LIFE ANALYSIS .....</b>                                          | <b>19</b> |
| <b>NET SALVAGE ANALYSIS .....</b>                                   | <b>59</b> |
| <b>APPENDIX A – COMPUTATION OF DEPRECIATION ACCRUAL RATES .....</b> | <b>61</b> |
| <b>APPENDIX B - COMPARISON OF APPROVED AND PROPOSED RATES.....</b>  | <b>66</b> |
| <b>APPENDIX C - COMPARISON OF PARAMETERS .....</b>                  | <b>69</b> |
| <b>APPENDIX D - NET SALVAGE.....</b>                                | <b>72</b> |

## **PURPOSE**

The purpose of this study is to develop depreciation rates for the depreciable property as recorded on SJG's books at December 31, 2024. The account-based depreciation rates were designed to recover the total remaining undepreciated investment over the remaining life of SJG's property on a straight-line basis. Non-depreciable property and property that is amortized, such as intangible assets, were excluded from this study.

SJG provides local gas distribution service to more than 400,000 Residential, Commercial, and Industrial customers in Atlantic, Cape May, Cumberland, and Salem counties, as well as parts of Burlington, Camden, and Gloucester counties, which is over 2,500 square miles of service territory in southern New Jersey. Its assets currently consist of various liquefied natural gas ("LNG"), transmission, distribution, and general assets, with approximately 145 miles of transmission pipe, 6,728 miles of steel and plastic gas distribution mains, and 359,471 service lines located across the service area. The Company has seven receipt points, or city gates, throughout the system where gas enters the distribution system and is then delivered to customers for burner tip consumption.

South Jersey is dedicated to providing energy-saving incentives and is aimed at reducing energy consumption, saving money, and minimizing environmental impact within the communities it serves.



## STUDY RESULTS

The existing and current study of annual depreciation expense result from the use of Iowa Curve dispersion patterns with the straight-line method, average life group procedure, and remaining-life technique in the development of the study recommended depreciation rates. Detailed information for each of these factors will follow in this report.

Overall depreciation rates for SJG depreciable property are shown in Appendix B. The recommended rates translate into an annual depreciation accrual of approximately \$108.71 million based on SJG's depreciable investment at December 31, 2024. The annual equivalent depreciation expense calculated by the same method using the currently approved rates is \$116.45 million. The primary driver for the decrease in the annual depreciation expense, when compared to the existing expense, is related to General Plant Account 391356 Major Software Systems, which is related to the reserve position; and Account 392 Transportation Equipment, which had an increase in life. The net salvage accrual based on the Board's approved methodology decreased from the prior study. There were some increases that offset some of the decreases, but overall there is a decrease in the annual depreciation expense accrual of \$7.7 million.

Appendix A presents the development of the depreciation rates and annual accruals. Appendix B presents a comparison of the composite existing rates versus the recommended study rates. Appendix C presents the mortality parameters by account. Appendix D presents the calculation for the five year average net salvage annual accrual amount of \$5,472,514.

## **GENERAL DISCUSSION**

### **Definition**

The term "depreciation" as used in this study is considered in the accounting sense; that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation on the basis of the original cost of all depreciable property included in each functional property group. On retirement the full cost of depreciable property, less the net salvage value, is charged to the depreciation reserve.

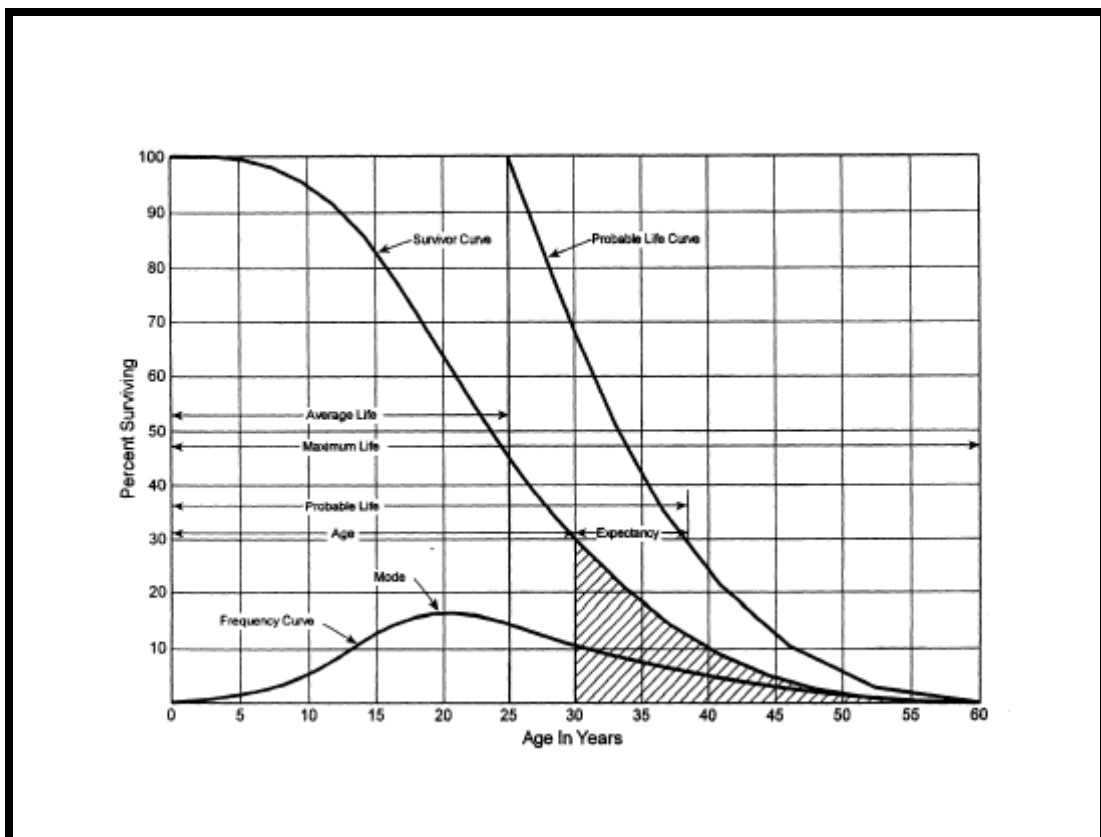
### **Basis of Depreciation Estimates**

Annual and accrued depreciation were calculated in this study by the straight-line, broad group, remaining-life depreciation system. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset group less allocated depreciation reserve less estimated net salvage by its respective average remaining life. The resulting annual accrual amounts of all depreciable property within a function were accumulated and the total was divided by the original cost of all functional depreciable property to determine a functional depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group and were computed in a direct weighting by multiplying each vintage or account balance times its remaining life and dividing by the plant investment in service as of December 31, 2024. The calculations of the annual depreciation rates are shown in Appendix A and remaining life are provided in the workpapers.

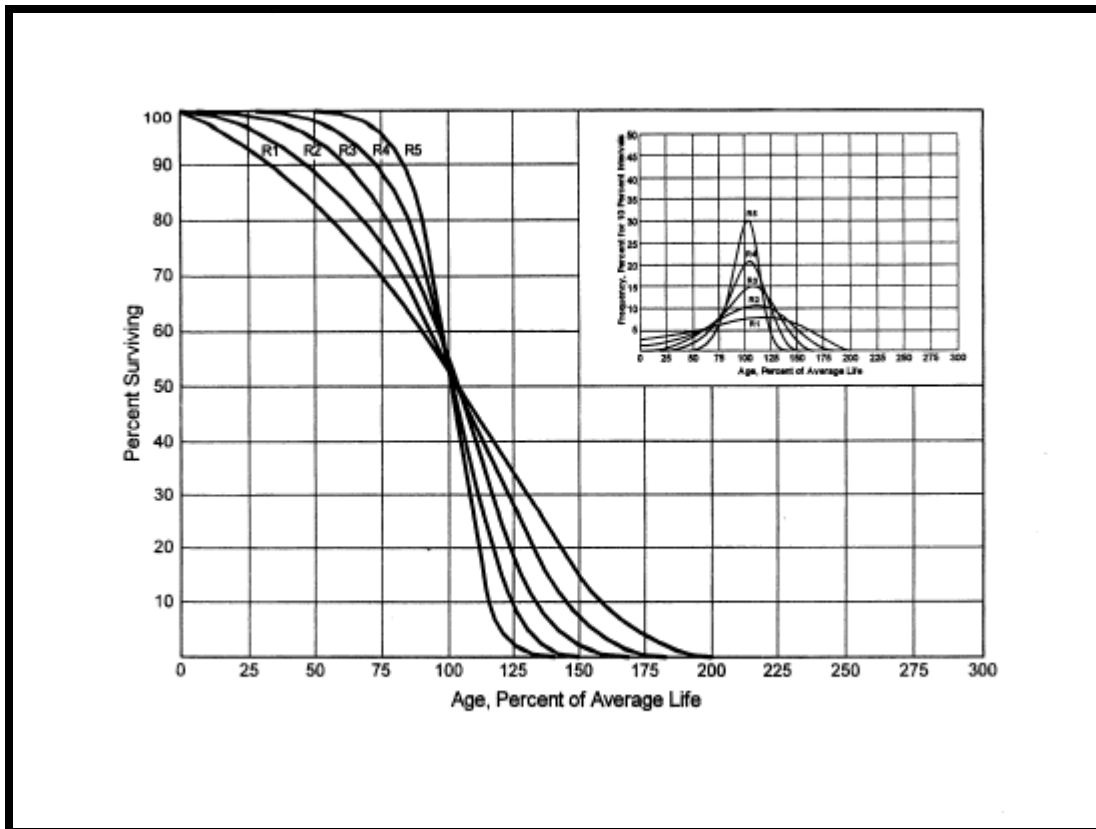
This study used the Actuarial Analysis, which is commonly used for gas utility property. Historically, SJG has used SPR analysis for some of its accounts to evaluate lives of its asset groups. However, it was determined the SPR analysis did not result in meaningful results in many of the accounts. SJG has been and will continue to record aged (vintage) vintage retirement information, which will produce more meaningful life analysis. For the actuarial analysis, the experience bands varied depending on the amount of data. Judgment was used to a greater or lesser degree on all accounts. The actuarial analysis approach used in this study is more fully described in a later section.

## **Survivor Curves**

To fully understand depreciation projections in a regulated utility setting, there must be a basic understanding of survivor curves. Individual property units within a group do not normally have identical lives or investment amounts. The average life of a group can be determined by first constructing a survivor curve which is plotted as a percentage of the units surviving at each age. A survivor curve represents the percentage of property remaining in service at various age intervals. The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the prior century. Through common usage, revalidation and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. An example of an Iowa Curve is shown below.



There are four families in the Iowa Curves that are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. For distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of "R" moded curves is shown below.



Similarly, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. An "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. A special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a

moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

Most property groups can be closely fitted to one Iowa Curve with a unique average service life. The blending of judgment concerning current conditions and future trends along with the matching of historical data permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern.

### **Actuarial Analysis**

Actuarial analysis (retirement rate method) was used in evaluating historical asset retirement experience where vintage data were available and sufficient retirement activity was present. In actuarial analysis, interval exposures (total property subject to retirement at the beginning of the age interval, regardless of vintage) and age interval retirements are calculated. The complement of the ratio of interval retirements to interval exposures establishes a survivor ratio. The survivor ratio is the fraction of property surviving to the end of the selected age interval, given that it has survived to the beginning of that age interval. Survivor ratios for all of the available age intervals were chained by successive multiplications to establish a series of survivor factors, collectively known as an observed life table. The observed life table shows the experienced mortality characteristic of the account and may be compared to standard mortality curves such as the Iowa Curves. Consistent with the prior study some accounts were analyzed using this method. Placement bands were used to illustrate the composite history over a specific era, and experience bands were used to focus on retirement history for all vintages during a set period. Matching data in observed life tables for each experience and placement band to an Iowa Curve requires visual examination. As stated in Depreciation Systems by Wolf and Fitch, "the analyst must decide which points or sections of the curve should be given the most weight. Points at the end of the curve are often based on fewer exposures and

may be given less weight than those points based on larger samples” (page 46). Some analysts chose to use mathematical fitting as a tool to narrow the population of curves using a least squares technique. Use of the least squares approach does not imply a statistical validity, however, because the underlying data does not meet criteria for independence between vintages and the same average price for property units through time. Thus, Depreciation Systems cautions, “... the results of mathematical fitting should be checked visually and the final determination of best fit made by the analyst” (page 48). This study uses the visual matching approach to match Iowa Curves, since mathematical fitting produces theoretically possible curve matches. Visual examination and experienced judgment allow the depreciation professional to make the final determination as to the best curve type.

Detailed information for each account is shown later in this study and in workpapers.

### **Judgment**

Any depreciation study requires informed judgment by the analyst conducting the study. A knowledge of the property being studied, company policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. Judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Judgment is not defined as being used in cases where there are specific, significant pieces of information that influence the choice of a life or curve. Those cases would simply be a reflection of specific facts into the analysis. Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, implications of applying certain curves, property mix in accounts or a multitude of other considerations that impact the analysis (potentially in various directions), judgment is used to take all of these factors and synthesize them into a general direction or understanding of the characteristics of the

property. In these cases, it is rare for one factor to individually have a substantial impact on the analysis. However, individual factors may shed light on the utilization and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical analysis; hence, there is no answer absent judgment. At the very least for example, any analysis requires choosing upon which bands to place more emphasis.

The establishment of appropriate average service lives and retirement dispersions for the Liquefied Natural Gas, Transmission, Distribution, and General accounts requires judgment to incorporate the understanding of the operation of the system with the available accounting information analyzed using the actuarial method. The appropriateness of lives and curves depends not only on statistical analyses, but also on how well future retirement patterns will match past retirements.

Current applications and trends in use of the equipment also need to be factored into life and survivor curve choices in order for appropriate mortality characteristics to be chosen.

### **Average Life Group Depreciation**

At the request of SJG, this study continues to use the ALG depreciation procedure to group the assets within each account. After an average service life and dispersion were selected for each account, those parameters were used to estimate what portion of the surviving investment of each vintage was expected to retire. The depreciation of the group continues until all investment in the vintage group is retired. ALG groups are defined by their respective account dispersion, life, and salvage estimates. A straight-line rate for each ALG group is calculated by computing a composite remaining life for each group across all vintages within the group, dividing the remaining investment to be recovered by the remaining life to find the annual depreciation expense, and dividing the annual depreciation expense by the surviving investment. The resultant rate for each ALG group is



designed to recover all retirements less net salvage when the last unit retires. The ALG procedure recovers net book cost over the life of each account by averaging many components.

### **Theoretical Depreciation Reserve**

The book depreciation reserve is derived from Company records, which is recorded and maintained at the individual account level. This Study uses a reserve model that relies on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates. The theoretical reserve of a group is developed from the estimated remaining life, total life of the property group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current expectations were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The ALG method requires an estimate of dispersion and service life to establish how much of each vintage is expected to be retired in each year until all property within the group is retired. Estimated average service lives and dispersion determine the amount within each average life group. The straight-line, remaining life theoretical reserve ratio at any given age (RR) is calculated as:

$$RR = 1 - \frac{(\text{Average Remaining Life})}{(\text{Average Service Life})} * (1 - \text{Net Salvage Ratio})$$

In the workpapers, a theoretical reserve is computed for each account as of December 31, 2024 using the proposed life.

## DETAILED DISCUSSION

### **Depreciation Study Process**

This depreciation study encompassed four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis were evaluated. Once the first three stages were complete, the fourth phase began. This phase involved the calculation of deprecation rates and documentation of the corresponding recommendations.

During the Phase 1 data collection process, historical data was compiled from continuing property records and general ledger systems. Data was validated for accuracy by extracting and comparing to multiple financial system sources. Audit of this data was validated against historical data from prior periods, historical general ledger sources, and field personnel discussions. This data was reviewed extensively to put in the proper format for a depreciation study. Further discussion on data review and adjustment is found in the Salvage Considerations Section of this study. Also, as part of the Phase 1 data collection process, numerous discussions were conducted with Company engineers and field operations personnel to obtain information that would assist in formulating life and salvage recommendations in this study. One of the most important elements of performing a proper depreciation study is to understand how the Company utilizes assets and the environment of those assets. Interviews with engineering and operations personnel are important steps to allow the analyst to obtain information that is beneficial when evaluating the output from the life and net salvage programs in relation to the Company's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion of this study in the life analysis section, the salvage analysis section, and also in workpapers.

Phase 2 was where the Actuarial analysis was performed. Phases 2 and 3 overlap to a significant degree. The detailed property records information is used in Phase 2 to develop observed life tables for life analysis. These tables were visually compared to industry standard tables to determine historical life characteristics. It is possible that the analyst would cycle back to this phase based on the evaluation process performed in Phase 3. Net salvage analysis consists of compiling historical salvage and removal data by account and functional group to determine values and trends in gross salvage and removal cost. This information was then carried forward into Phase 3 for the evaluation process.

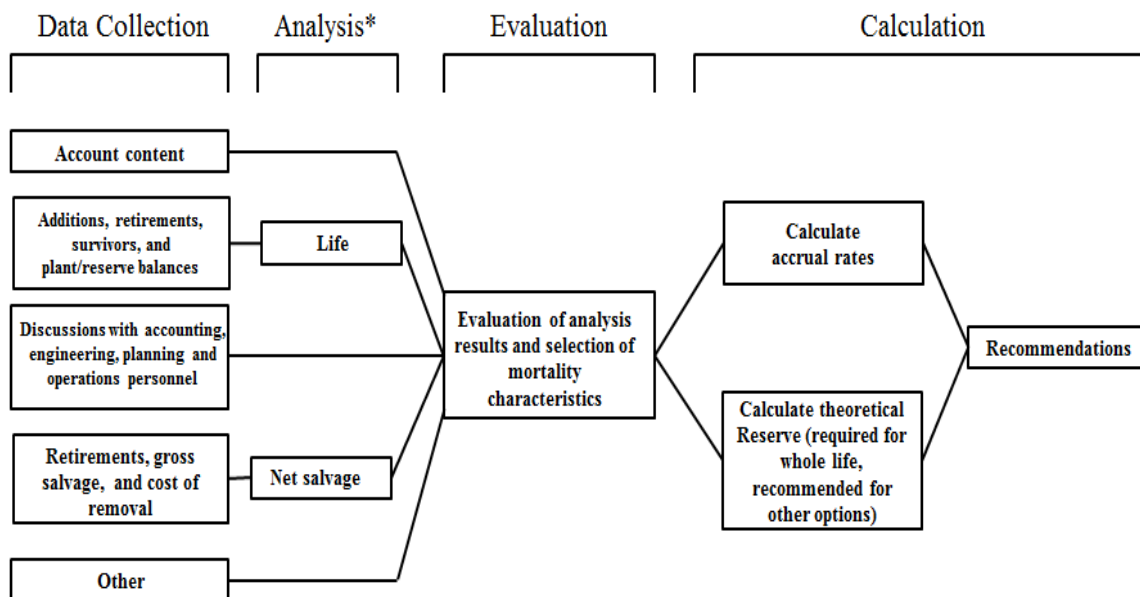
Phase 3 was the evaluation process that synthesized analysis, interviews, and operational characteristics into a final selection of asset lives and net salvage parameters. The historical analysis from Phase 2 was further enhanced by the incorporation of recent or future changes in the characteristics or operations of assets that were revealed in Phase 1. Phases 2 and 3 allowed the depreciation analyst to validate the asset characteristics as seen in the accounting transactions with actual Company operational experience.

Finally, Phase 4 involved the calculation of accrual rates, making recommendations and documenting the conclusions in the final report. The calculation of accrual rates is found in Appendix A. Recommendations for the various accounts are contained within the Detailed Discussion of this report. The depreciation study flow diagram shown as Figure 1<sup>1</sup> documents the steps used in conducting this study. Depreciation Systems, page 289, documents the same basic processes in performing a depreciation study which are: statistical analysis, evaluation of statistical analysis, discussions with management, forecast assumptions, write logic supporting forecasts and estimation, and write final report.

---

<sup>1</sup> Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013.

## Book Depreciation Study Flow Diagram



Source: Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013.

\*Although not specifically noted, the mathematical analysis may need some level of input from other sources (for example, to determine analysis bands for life and adjustments to data used in all analysis).

Figure 1

### ***SJG DEPRECIATION STUDY PROCESS***

**Depreciation Rate Calculation**

Annual depreciation expense amounts for the depreciable accounts of the Company were calculated by the straight line, ALG, remaining life system. With this approach, remaining lives were calculated according to standard ALG group expectancy techniques, using the Iowa Curves noted in the calculation. For each plant account, the difference between the surviving investment and adjusted for the book depreciation reserve, was divided by the average remaining life to yield the annual depreciation expense. These calculations are shown in Appendix A.

**Remaining Life Calculation**

The establishment of appropriate average service lives and retirement dispersions for each account within a functional group was based on engineering judgment that incorporated available accounting information analyzed the actuarial (retirement rate) method. After establishment of appropriate average service lives and retirement dispersion, remaining life was computed for each account. Theoretical depreciation reserve with zero net salvage was calculated using theoretical reserve ratios as defined in the theoretical reserve portion of the General Discussion section. The difference between plant balance and theoretical reserve was then spread over the ALG depreciation accruals. Remaining life is shown for each account in the workpapers.

**Calculation Process**

Annual depreciation expense amounts for all accounts were calculated by the straight line, remaining life procedure.

In a whole life representation, the annual accrual rate is computed by the following equation,

$$\text{Annual Accrual Rate} = \frac{(100\% - \text{Net Salvage Percent})}{\text{Average Service Life}}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$\text{Composite Remaining Life} = \frac{\sum \text{Original Cost} - \text{Theoretical Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

For each plant account, the difference between the surviving investment, adjusted for estimated net salvage, and the allocated book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$\text{Annual Depreciation Expense} = \frac{\text{Original Cost} - \text{Book Reserve} - (\text{Original Cost}) * (1 - \text{Net Salvage \%})}{\text{Composite Remaining Life}}$$

Where the net salvage percent represents future net salvage.

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$\text{Annual Depreciation Rate} = \frac{\sum \text{Annual Depreciation Expense}}{\sum \text{Original Cost}}$$

These calculations are shown in Appendix A. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in workpapers. Book depreciation reserves at an individual

account level and the theoretical reserve computation was used to compute a composite remaining life for each account.

## **LIFE ANALYSIS**

The actuarial (retirement rate) analysis method was applied to the majority of accounts where sufficient vintage retirement details are available. Vintaged retirement detail by account is only available from 2003 forward. For each account, an actuarial analysis was made with placement and experience bands of varying width. The historical observed life table was plotted and compared with various Iowa Curves to obtain the most appropriate match. Those analyses are contained in the workpapers.

In the actuarial analysis, using the overall band (i.e., placement from earliest vintage year through 2024 and experience band from earliest available experience year (2003) through 2024) for each account, the most recently approved survivor curves were used as a starting point. Then, using the same life, various dispersion curves were plotted. Frequently, visual matching would confirm one specific dispersion pattern (e.g., L, S, or R) as an obviously better match than others. The next step would be to determine the most appropriate life using that dispersion pattern. Then, after looking at the overall placement band, different placement bands were plotted and analyzed. Repeated matching usually pointed to a focus on one dispersion family and small range of service lives. Generally, the goal of visual matching was to minimize the differential between the observed life table and Iowa curve in top and mid-range of the plots. When adequate activity is present a graph of the observed life table versus the proposed life and curve is provided for each account where the actuarial life analysis was used. These results are used in conjunction with all other factors that may influence asset lives.

### **Detailed Account Life Analysis**

The Company has been maintaining aged retirement data since 2003, as discussed previously. In some accounts, there is enough historical activity to rely upon the actuarial analysis as the basis for the study recommendation. Where sufficient historical activity exists, the study contains actuarial life analysis for all accounts. We discuss the details and the basis for the study account recommendations below.

### **Liquefied Natural Gas Plant**

#### **Account 361 Structures and Improvements (50 R2.5)**

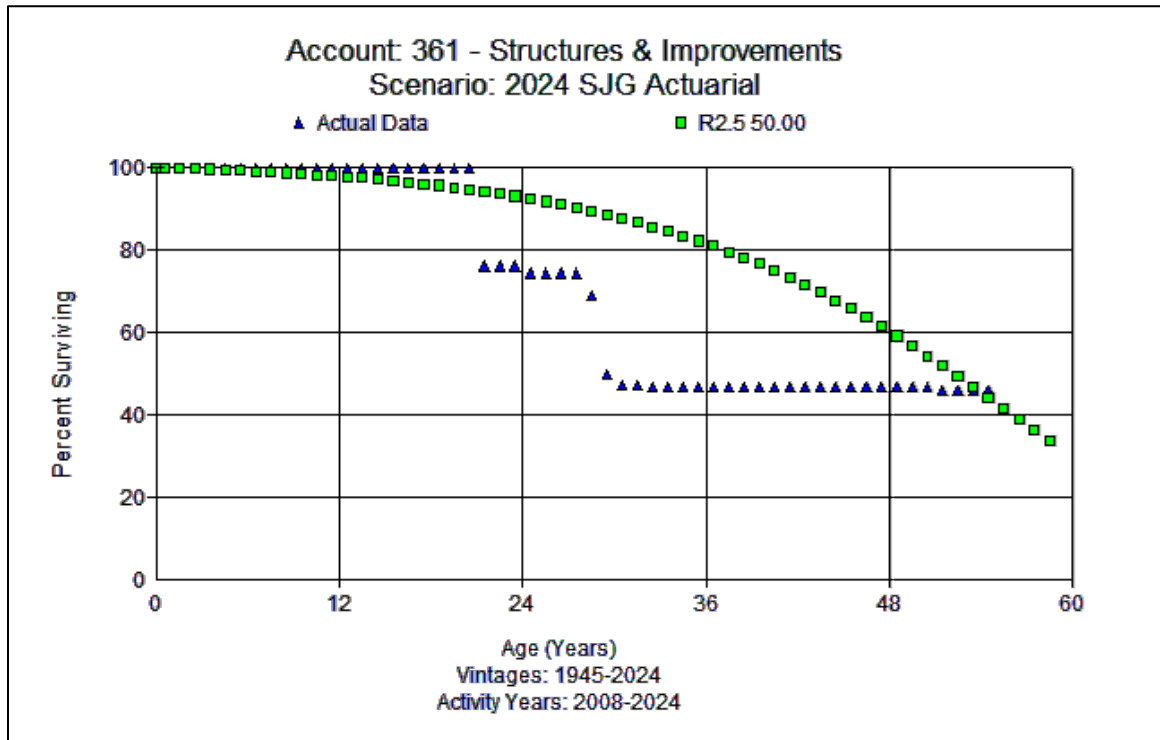
This account consists of structures and various improvements associated with the natural gas plant. There is approximately \$4.3 million in this account. The existing life is 46 R2.5. The average age of this account is 12.05 years.

Discussions with Company personnel indicated that there are five buildings and one shed on site. The buildings, with the exception of the original building (which houses the generators), were built later. The original building has been re-coated, and doors and windows have been replaced, but the skin and foundation are original. As the buildings get older, the life expectations would move out. Functionality would be more of a trigger to remove a building if the buildings are well maintained. All existing are premanufactured steel buildings. Company personnel indicated that the average life of 50 years is a reasonable operational expectation for the assets.

When reviewing the actuarial analysis, the best fits in the full and mid- band are the S4 30 and R4 30, which capture some of the early aged retirements but is too short for the overall account based on the type and mix of assets and discussion with Company personnel. A life between 40-50 years is reasonable given that the steel building would last longer, but some of the sub systems would need to be replaced earlier. Based on the study analysis, type and age of assets, Company input, and judgment, this study recommends the 50 R2.5 dispersion. A



graph of the account observed life table versus the proposed life and curve is shown below.

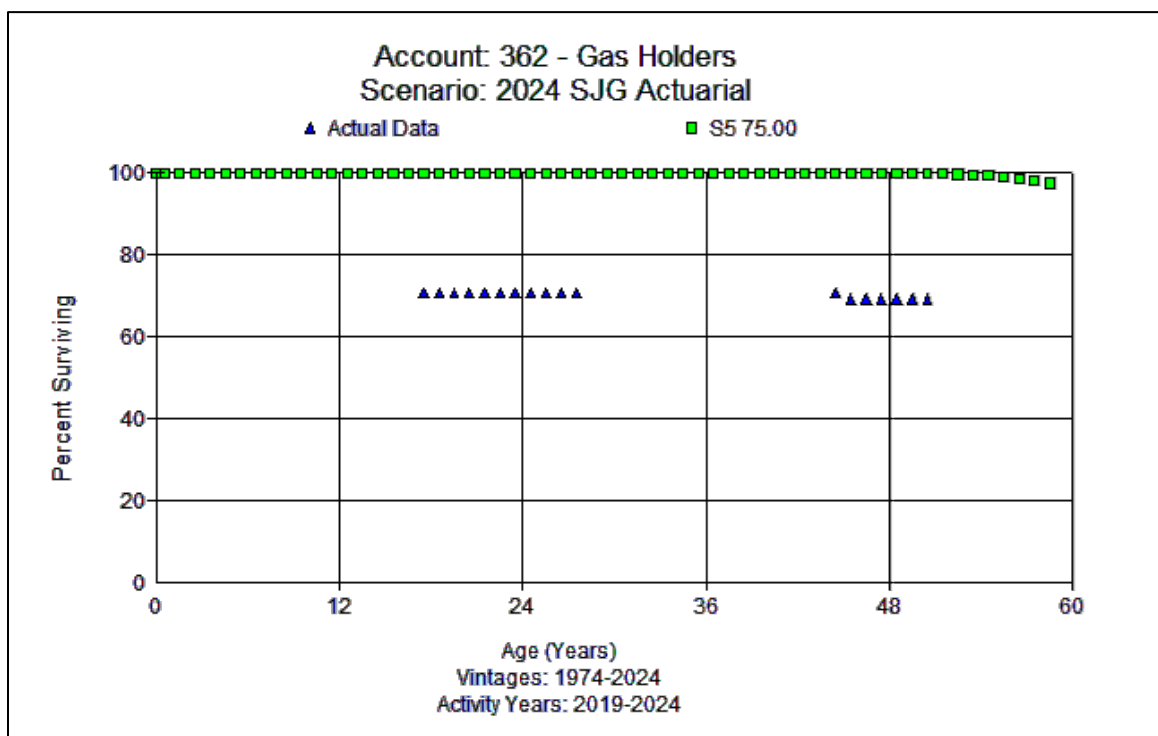


### Account 362 Gas Holders (75 S5)

This account consists of gas holders used in connection with the storage of gas. There is approximately \$4.2 million in this account. The existing life is 75 S5. The average age of this account is 36.81 years.

Discussions with Company personnel indicated that the tank is basically original equipment, but the Company has recoated the tank and retired the last recoating over 20 years ago. Over time, the Company has replaced heaters, sumps, and automated lighting systems, and has upgraded level systems, relief valves, and overflow valves. Around half of the assets in this account are related to short-lived (20 year) assets such as coatings and automation, but the tank would last longer.

The actuarial analysis picks up some of the 20-year asset retirements and there isn't a good fit for the overall account. There is nothing in the analysis to support a change from the existing life and Company expectations. This study recommends retention of the existing 75 S5 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.

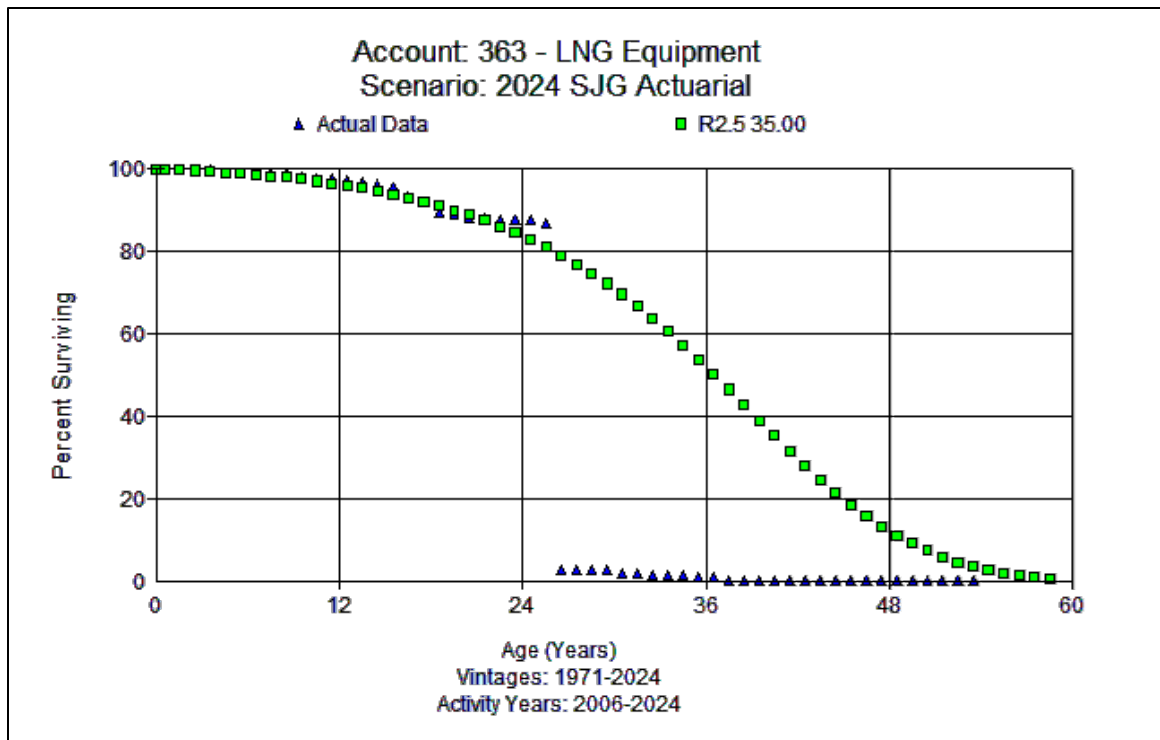


**Account 363 Purification Equipment (35 R2.5)**

This is a combined account consisting of equipment used in the LNG process where purification of the gas occurs. It consists of liquefaction, vaporization, compressor, measuring and regulating, and other equipment. There is approximately \$55.4 million in this account for the combined assets. The existing life is 35 R2.5. The average age of this account is 10.59 years.

Discussions with Company personnel indicated that essentially all assets in this account have been replaced or modernized since original installation, except for one building and the original tank. Three vaporizers have been added over time, with the most recent in 2002. The largest asset group is the liquefier, which was recently replaced. There are two electric boil-off compressors, which run 24 hours a day and incur routine, smaller overhauls under O&M. The original compressors were replaced around 30 years of age. Software and automation type assets are expected to have a 5 to 10-year life. However, some major replacements over the last several years have been driven by the need for more capacity and/or pressure. The Company believes the existing life of 35 years remains a reasonable operational estimate of average life for the assets.

The actuarial analysis indicates a good overall fit with the R3 32, which is a little shorter than existing. This is supported by the retire and replace activities that have taken place (described above by operations personnel). In the full placement band (1971) and most recent experience band (2006) the R2.5 35 is a reasonably good fit overall. Based primarily on the full placement and most recent experience band in the actuarial analysis, the type of assets, discussions with Company personnel, and judgment, this study recommends retaining the life of 35 years and R2.5 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.



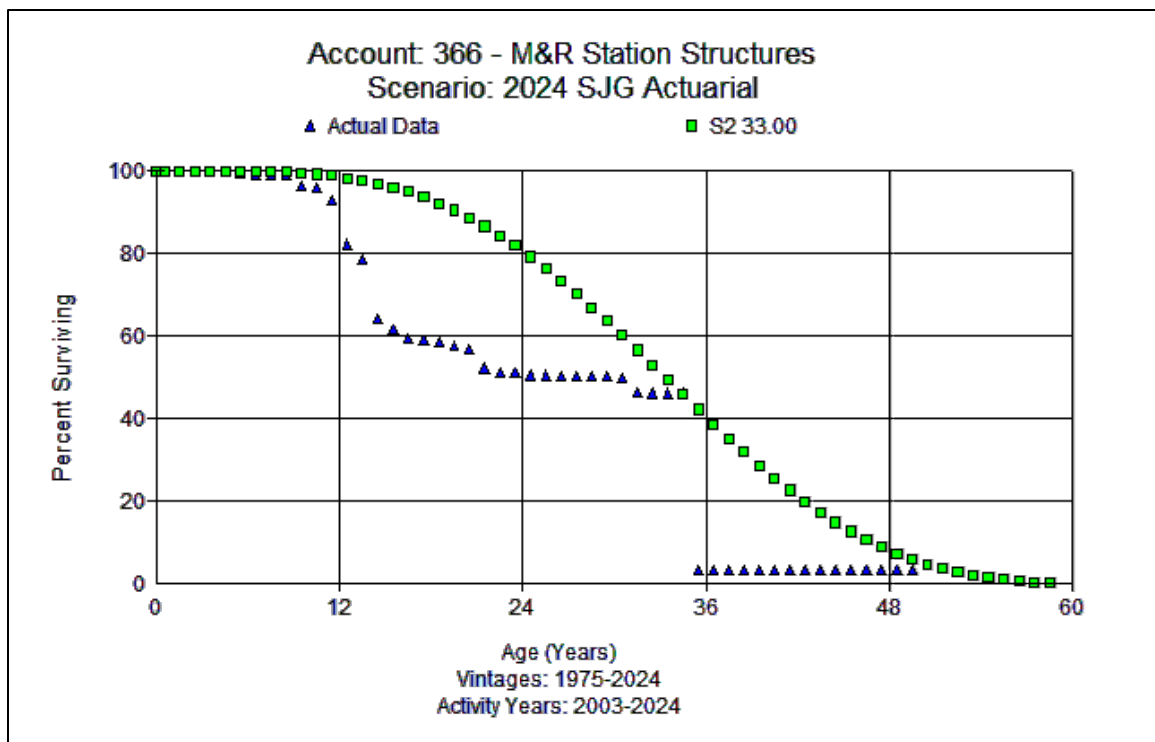
## **Transmission Plant**

### **Account 366 Structures and Improvements (33 S2)**

This account consists of structures and various improvements associated with the transmission plant. There is approximately \$3.4 million in this account. The existing life is 49 S2. The average age of this account is 11.69 years.

Discussions with Company personnel indicated that a building life of 50 is reasonable. Some buildings are pre-constructed, and others are masonry buildings. The majority of the assets in the account, such as HVAC, security systems, small SCADA huts, fences, etc. would have shorter lives. The Company did a demo program 10-15 years ago that replaced facilities with asbestos roofs. There are more SCADA buildings (6x8) being added to the system. McKey facility improvements are in this account. Much of the security cost was infrastructure surrounding the original installation of the system. The actuarial analysis indicates best fits with a life range between 23-33 years, which is much lower than the existing 49-year life. Due to the mix of mostly shorter-lived assets in this account along with a few longer-lived buildings, the average life of 33 years as indicated by the analysis is reasonable.

Based on the analysis, type of assets in the account, and discussions with Company personnel, this study recommends a 33-year life and S2 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.



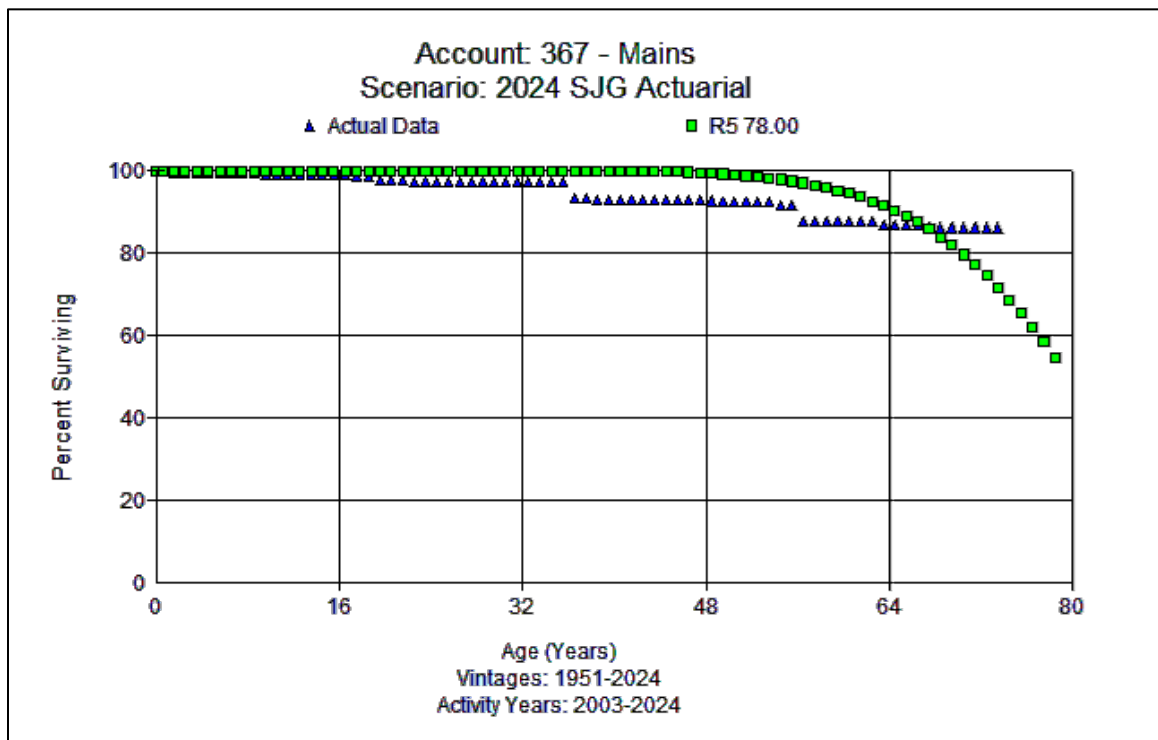
### Account 367 Mains (78 R5)

This account consists of the cost of steel mains and other miscellaneous assets used in connection with transmission operations. There is approximately \$314.7 million in this account. The existing life is 78 R5. The average age of this account is 16.45 years.

Discussions with Company personnel indicated that there is approximately 145 miles of steel transmission mains, all of which is cathodically protected and nearly all of which use rectifier/ground beds. They are planning to replace some pipe, not due to end of life, but due to additional capacity or pressure needs. PHMSA will impact transmission, but it is still in the early stage. The expectation is that some assets may be replaced instead of other options to comply with the rules. Company personnel's current thoughts are that they may renew 22-30 miles

and retest/reevaluate the rest. The 22 miles is of 1952 vintage 16" transmission main and another 20 miles is from 1950-1951 vintages. The next large transmission additions are from 1970s or later. Sleeving and repairs are O&M expense, and the level of repair is increasing. The Company is finding more problems with the in-line inspections, which allows for repair before they become major issues.

The actuarial analysis does not yield conclusive results with insufficient retirement activity to create a statistically valid result. Based on the existing life, the type of assets, and Company input, this study recommends retention of the existing 78 R5. A graph of the account observed life table versus the proposed life and curve is shown below.

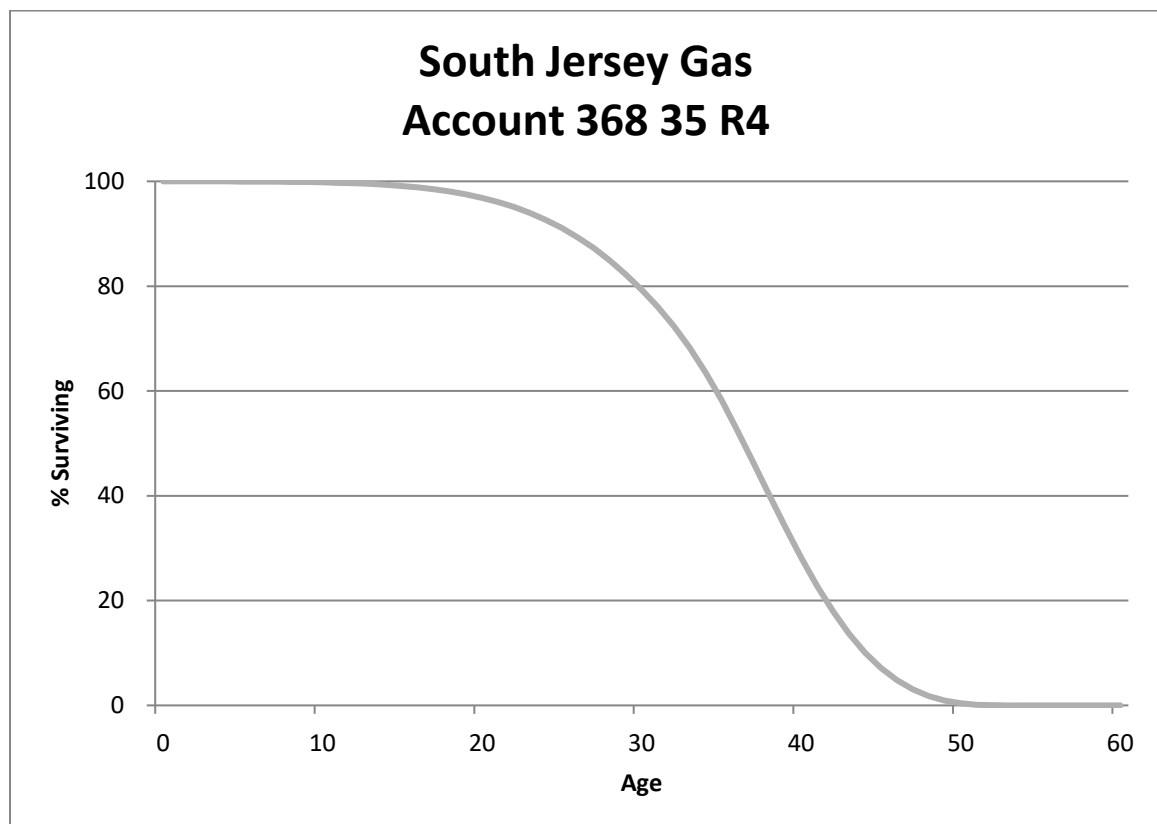


**Account 368 Compressor Station Equipment (35 R4)**

This account consists of compressor station equipment used in connection with transmission operations. There is approximately \$93.9 million in this account. The approved life is 35 R4. The current average age is 3.84 years.

The station, New Sentury, was completed and put into service in 2020. There are two units (15k HP total), both of which are centrifugal compressors with electric drives. These units will run a small number of hours during the year. The Company continues to expect a life somewhere between 30 and 40 years to be operationally reasonable.

Based on Company expectations and type of equipment in this account, this study recommends retention of the approved 35 R4. A representative graph of the life of the account is shown in the curve below.



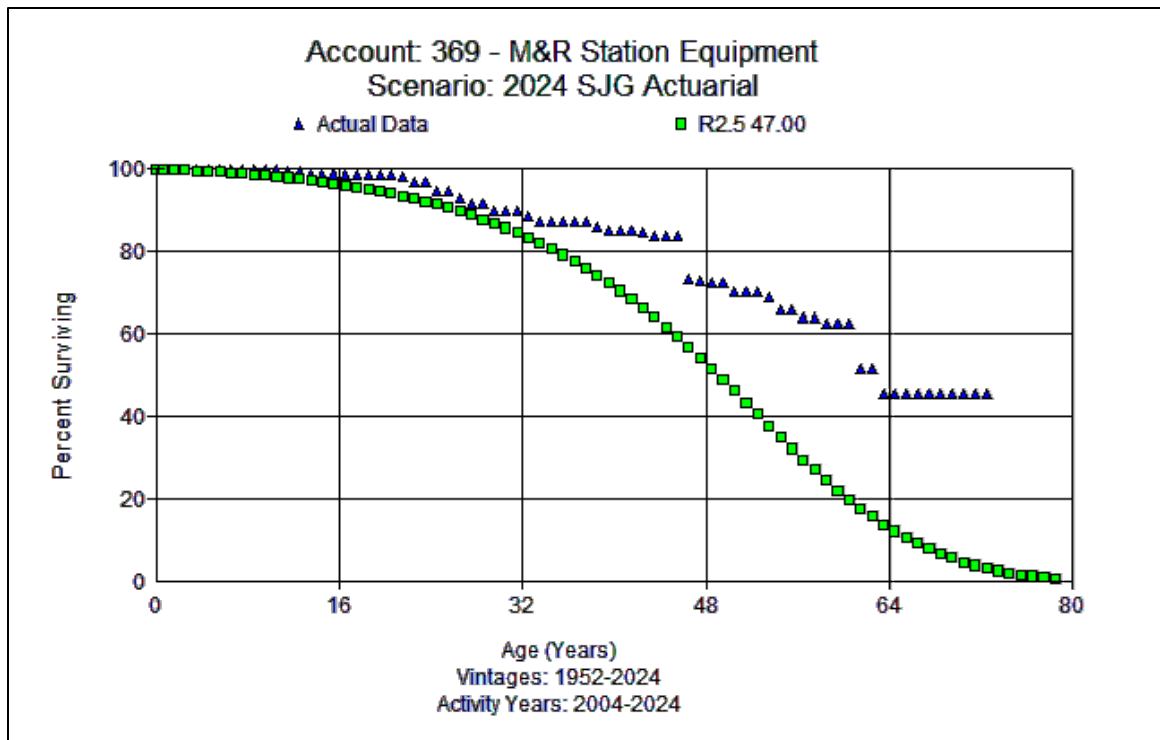


**Account 369 Measuring and Regulating Equipment (47 R2.5)**

This account consists of the measuring and regulating station equipment used in connection with transmission operations. There is approximately \$71.0 million in this account. The existing life is 47 R2.5. The average age of this account is 13.11 years.

Interviews with Company personnel indicated that the city gate is always a custody transfer point and that there are around 150 stations in total, with half above ground and half below ground. Transmission stations tend to be larger and use control valves, all of which are SCADA driven with security equipment. Nearly all have pressure regulation, and regulators are repaired on site. The Company is rapidly growing and will upgrade regulators due to capacity needs. They have started using aluminum spray coatings, a new treatment that will not corrode, on above ground stations. There was a program several years ago to upgrade the regulator stations. This program is largely complete, and the assets being replaced were around 45 years old. Retirements are a result of parts wearing out and capacity increase needs. The Company believes the new stations, operationally, could last 40 years or more, but that the older stations may last 30 years or less.

The actuarial analysis indicates a longer life than what is expected and reasonable for the assets in this account. Based on the analysis, type of assets, and Company input, this study recommends retention of the existing at this time. A graph of the account observed life table versus the proposed life and curve is shown below.

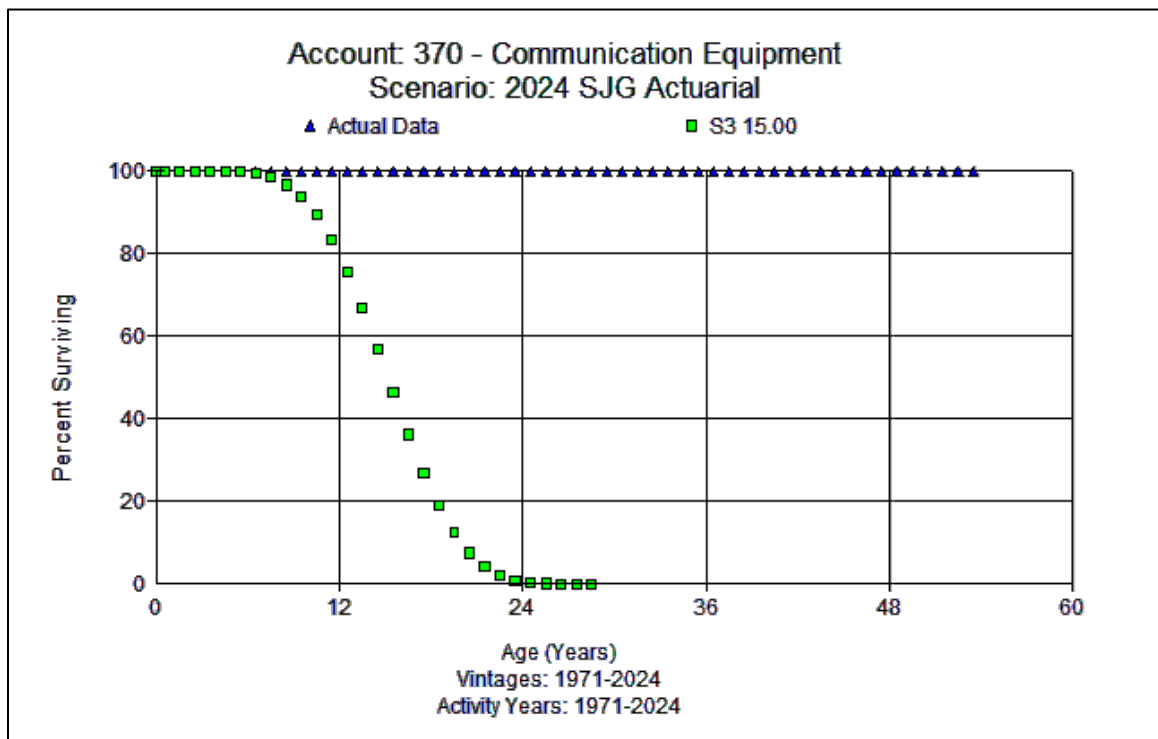


### Account 370 Communication Equipment (15 S3)

This account consists of all communication equipment including mobile and fixed radio systems along with telephone, telemetering, and other miscellaneous communication equipment used in connection with transmission activities. There is approximately \$369 thousand in this account. The existing life is 15 S3. The average age of this account is 9.08 years.

Discussions with Company personnel indicated that they expect around a 15 year life for transmitters and SCADA. When assets are no longer supported by the manufacturer, they would have to change the equipment. Retention of 15 years is reasonable based on newer technology and electronics in the field.

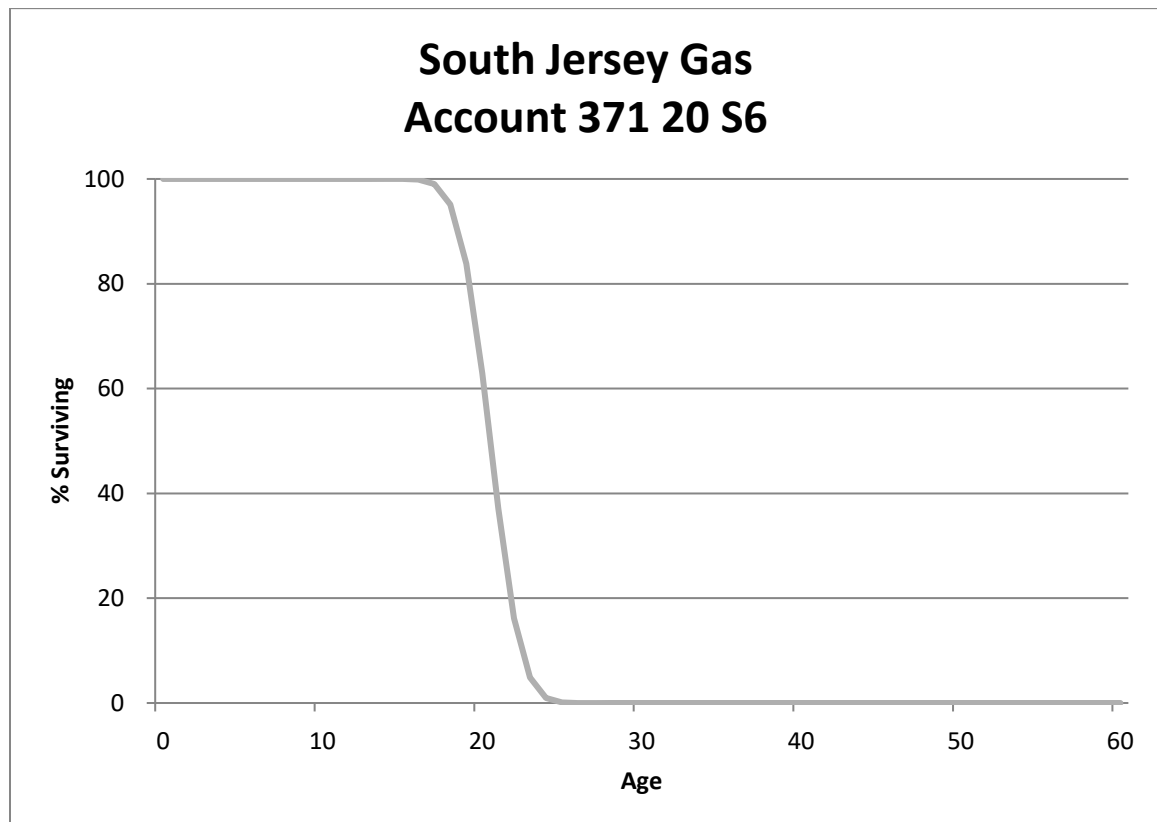
Aged retirements have been very limited in this account. Considering the type of assets, and the impact of software technology, this study proposes retention of the existing 15 year-life and S3 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.



**Account 371 Other Equipment (20 S6)**

This account consists of the cost of various other equipment used in connection with transmission assets and activities. There is approximately \$257 thousand in this account. The existing life is 38 S6. The average age of this account is 17.99 years.

There is only one aged retirement (which occurred in 2020), so no actuarial analysis was performed. Given the type of assets in this account and the short life expected for most, moving the life shorter is operationally reasonable. This study proposes moving to a 20-year life and the S6 dispersion. A representative graph of the life of the account is shown in the curve below.

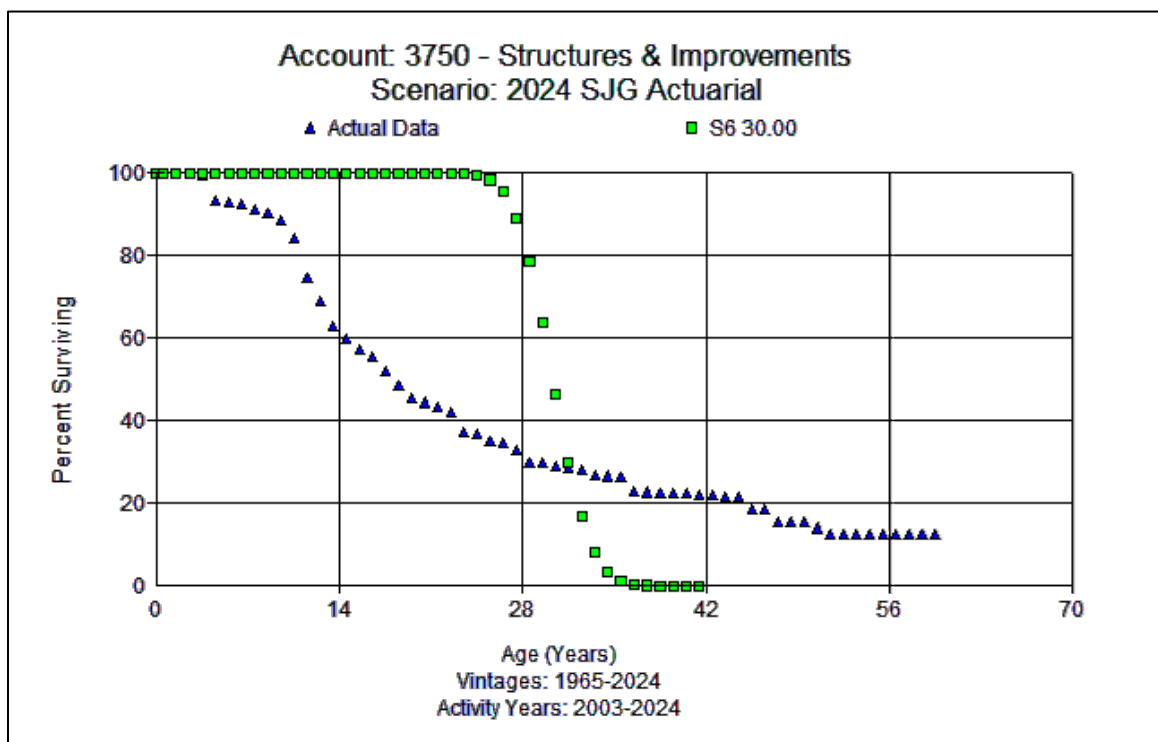
**Distribution Plant**

### Account 375 Structures and Improvements (30 S6)

This account consists of structures and various improvements associated with the distribution plant. There is approximately \$27.5 million in this account. The existing life is 30 S6. The average age of this account is 9.15 years.

Discussions with Company personnel indicated that, besides long-lived assets such as small buildings, there are many short-lived items such as lighting, pumps, roofs, and other items.

The actuarial analysis indicates a lower life due to some early aged retirements, but those are not representative of normal expectations going forward. Based on the type of assets, the analysis, and discussions with Company personnel, this study recommends retention of the 30 S6 at this time. A graph of the account observed life table versus the proposed life and curve is shown below.

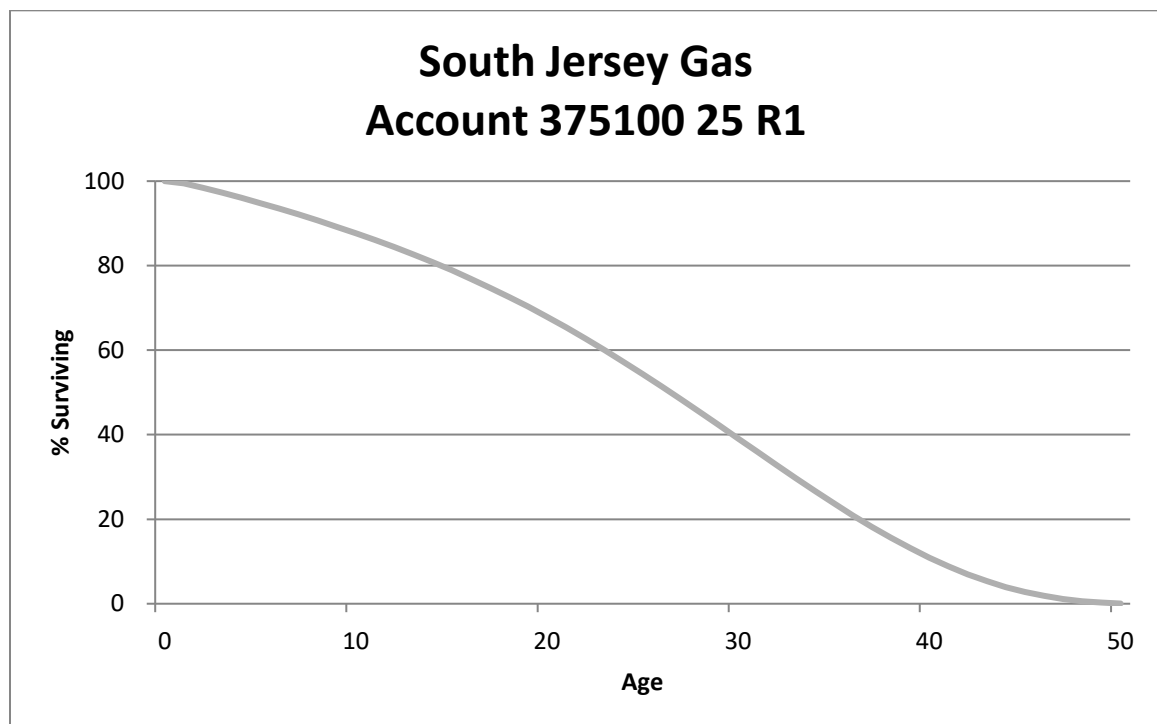


### Account 375100 CNG Stations (25 R1)

This account consists of CNG station equipment. There is approximately \$14.5 million in this account. The average age of this account is 8.78 years.

Discussions with Company personnel indicated that there are eight CNG sites each costing between \$2-4 million. Tanks would have the longest life, with some rebuild of compressors and generators, and Point-of-Sale (POS) would have the shortest life. The Company pays a monthly fee for the use of the assets, similar to a LTSA. Most agreements are on a 10-year term, and the earliest is from 2014. The Company expects to rebid the agreements as they come up for renewal. The overall expectation is around a 25-year life span.

No actuarial analysis was performed on these specific assets. Based on the type of assets, input from Company personnel, and judgment, this study recommends retention of 25 R1 at this time. A representative graph of the life of the account is shown in the curve below.

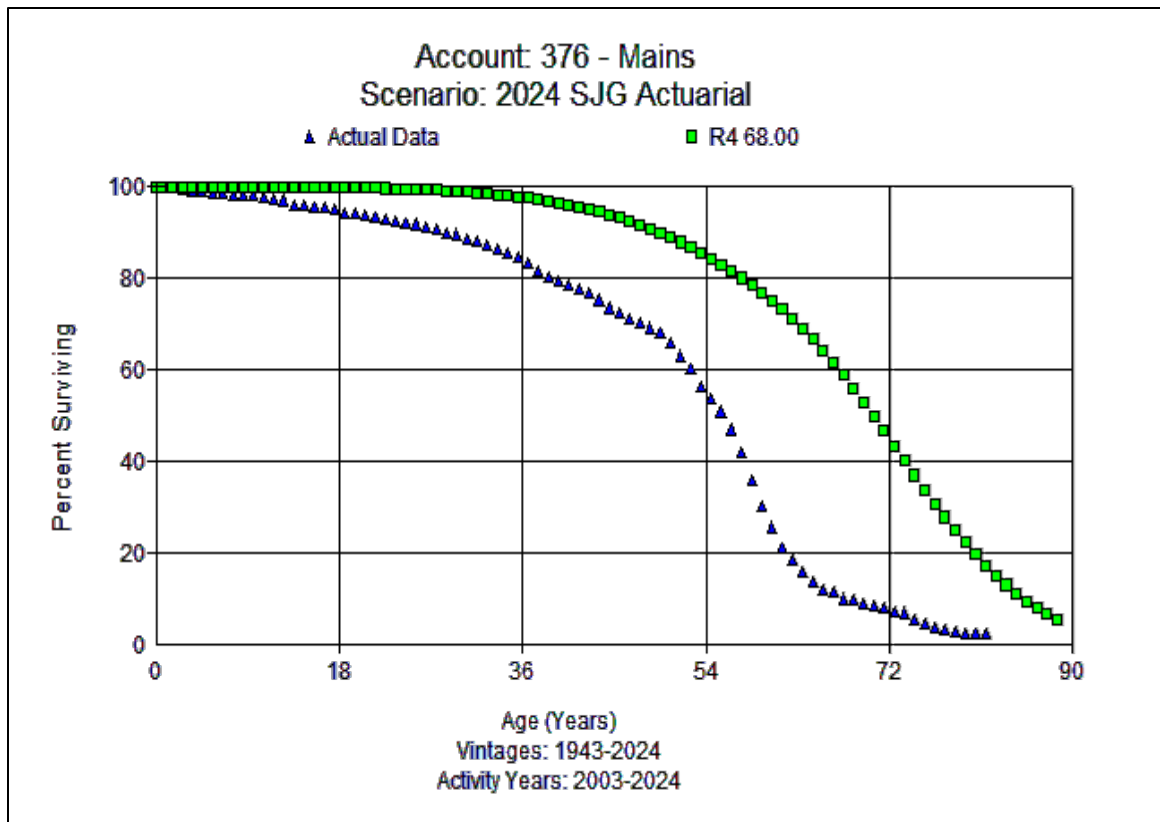


**Account 376 Mains (68 R4)**

This account consists of the cost of steel and plastic mains and other miscellaneous assets recorded into the Mains account used in connection with distribution operations. There is approximately \$1.7 billion in this account. The existing life is 68 R4. The average age of this account is 12.86 years.

Discussions with Company personnel indicated that there are approximately 6,728 miles of mains, of which 86% is plastic. All cast iron and bare steel have been removed from the system through AIRP, which was completed in late 2021. Plastic pipe is being installed and is expected to have as long a life, or longer, than the steel it is replacing. Unless high pressure, steel will be replaced with plastic. The primary cathodic protection is anodes on wrapped steel, which are expected to last 15-20 years. The wells for the rectifiers will last around 25 years. Of the nearly 86% of plastic pipe only 2% is Aldyl-A. The Company does not currently have a program to replace Aldyl-A.

The actuarial analysis indicates a lower life and flatter dispersion pattern in the fuller bands analyzed. This is reasonable considering the retirement activity for cast iron and bare steel that has occurred. However, the expectation going forward is that mains will have a life at least equal to the existing life, which is 68 years. Based on the discussions with Company personnel, the type of assets, and analysis, this study recommends retention of the 68 R4 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.



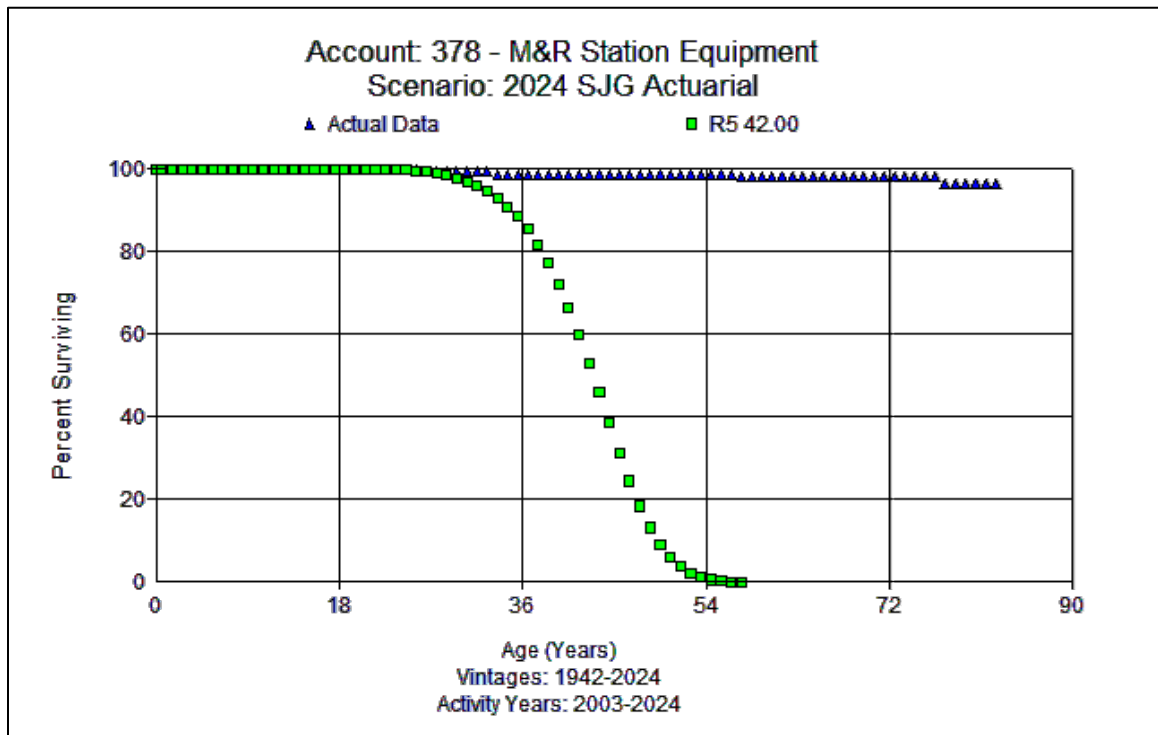


### Account 378 Measuring and Regulating Equipment—General (42 R5)

This account consists of measuring and regulating station equipment used in connection with general distribution operations. There is approximately \$6.3 million in this account. The existing life is 42 R5. The average age of this account is 26.28 years.

Discussions with Company personnel indicated that they do not expect the “MegaRule” to materially affect the level of retirements in this account and do not see any specific operational reason that the life would be impacted. Company personnel believe the existing 42 years is operationally reasonable.

There is not enough historical aged activity for meaningful analysis using actuarial analysis. Based on type of assets, Company input, and judgment, this study recommends retention of the existing 42 R5. A graph of the account observed life table versus the proposed life and curve is shown below.

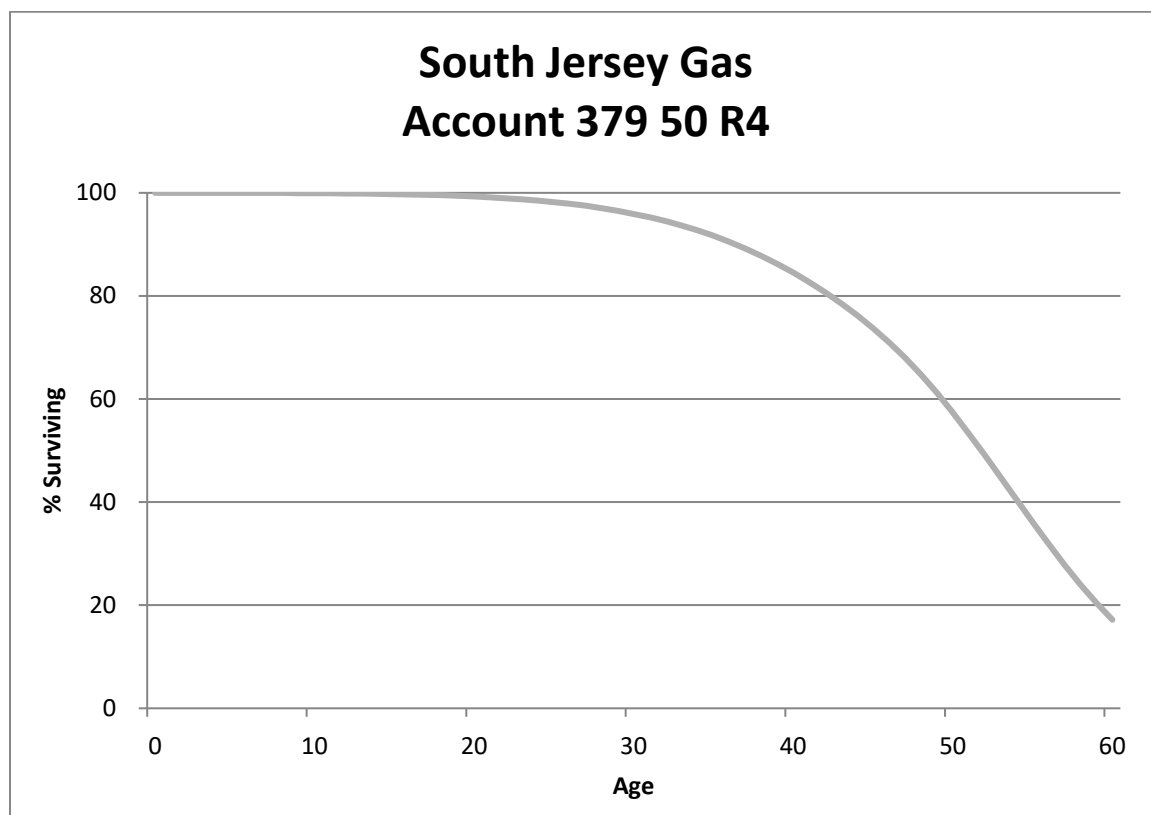


### Account 379 Measuring and Regulating Equipment—City Gate (50 R4)

This account consists of the measuring and regulating station equipment used in connection with City Gate distribution operations. There is approximately \$7.3 million in this account. The existing life is 50 R4. The average age of investment is 8.92 years.

Discussions with Company personnel indicated that there is a small sample size, with only seven city gates. They may replace control valves or heaters, but do not generally replace stations. The gates are in buildings, for noise reasons, so they are more protected from the environment. Operationally, there should be some difference in life between a DRS (Account 378) and a city gate, with the city gates having a slightly longer life.

There is only one aged retirement (in 2012), so no actuarial analysis was performed. Based on discussions with Company personnel, and judgment, this study recommends retaining the 50 year life and the R4 dispersion. A representative graph of the life of the account is shown in the curve below.

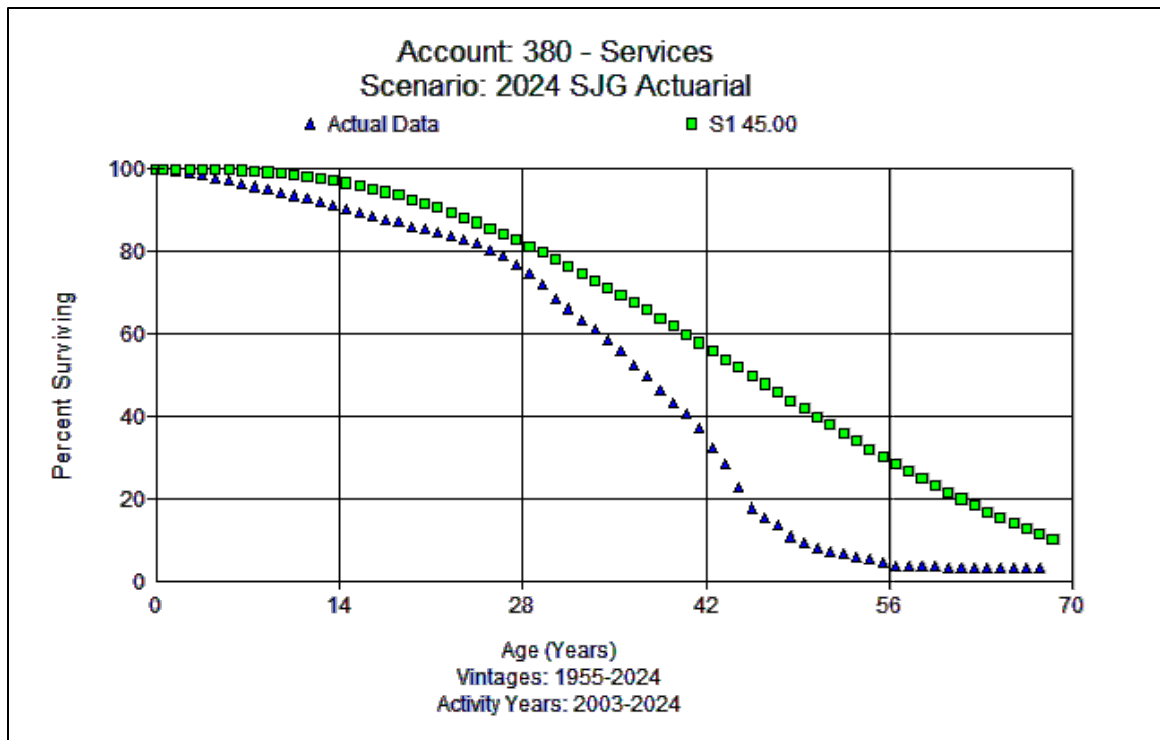


**Accounts 380 Services (45 S1)**

This account consists of the cost of all types of services associated with the distribution operations. There is approximately \$1.1 billion in the account. The existing life is 45 S1. The current average age of investment is approximately 12.14 years.

Discussions with Company personnel indicate there are 359,471 services on the system. The need for excess flow valves is one of the triggers of replacement of services (SHARP Program), which is now complete. Risers are part of the service. Main replacement work also includes replacing some services. Service line lives may be shorter than in the past due to the concurrent replacement with mains, among other reasons. Any steel service will be replaced with plastic when there is mains work. After the steel main program is over, service life as seen in the analysis may begin to increase.

There is over 20 years (2003-2024) of actuarial data available for analysis. The life indications appear to be noting the effects of the recent replacement programs in the life characteristics. The R2 34 is an excellent fit across the bands analyzed but an 11-year life decrease is not reasonable given the type of assets and future expectations. Given the effort to replace aging infrastructure, the analysis does not yield life characteristics applicable to the long-term expectations for current investment. With these considerations, this study recommends retaining the existing 45 S1. A graph of the account observed life table versus the proposed life and curve is shown below.

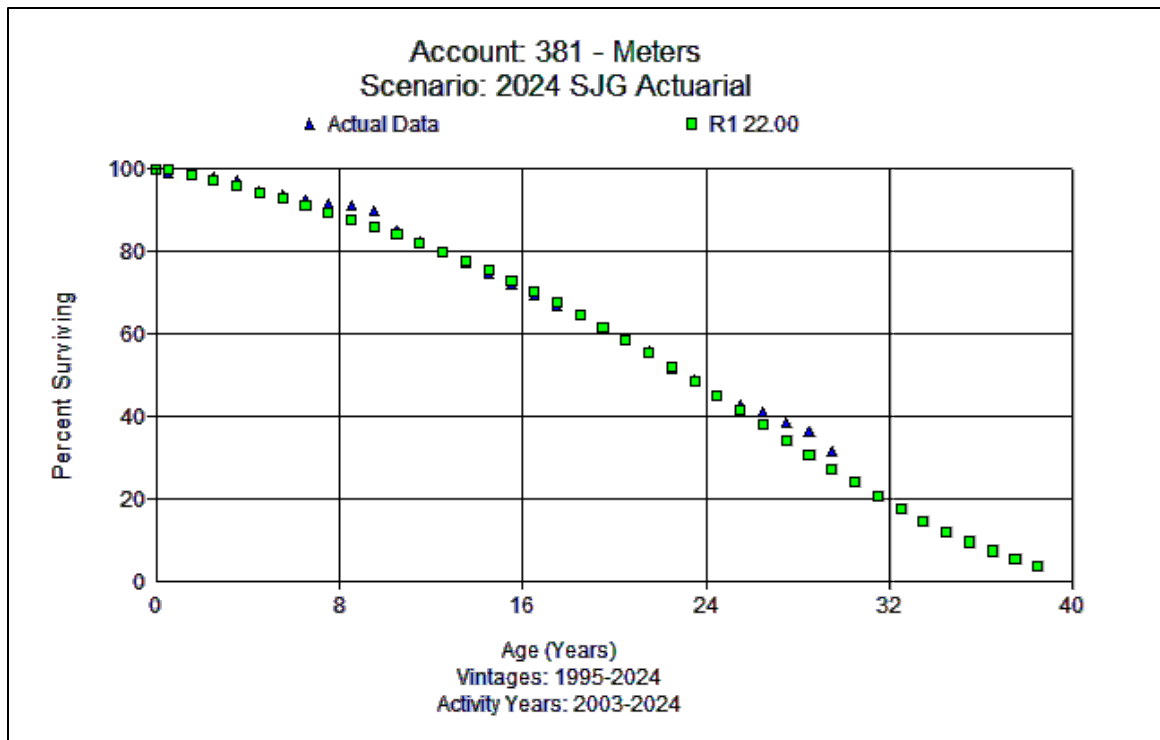


**Account 381 Meters (22 R1)**

This account consists of the cost of meters and remote meter reading devices (ERTs) associated with distribution operations. There is approximately \$114.7 million in the account. The existing life is 25 R2. The current average age of investment is approximately 8.51 years.

Discussions with Company personnel indicated that they no longer repair residential meters. They will test and, if possible, repair commercial meters. Currently, there are nearly 400,000 meters on the system. Larger meters (over 500 CFH) are subject to mandatory replacement every 10 years. Smaller meters are targeted for replacement when they reach 15-20 years, although there is no mandate. The State sampling criteria tightened in 2020 and it has triggered a higher level of meter replacements. More meters have been moved to a 5-year forced remove bucket. The new regulations would suggest a life shorter than 25-years, and Company SMEs agree that will be an operational reality.

In the actuarial analysis, across the bands analyzed, the R1 22 is a near perfect overall fit. Based upon the actuarial analysis, the changing sampling requirements, and general expectation for meters to have a shorter, not longer, life, this study recommends moving to a 22-year life with R1 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.

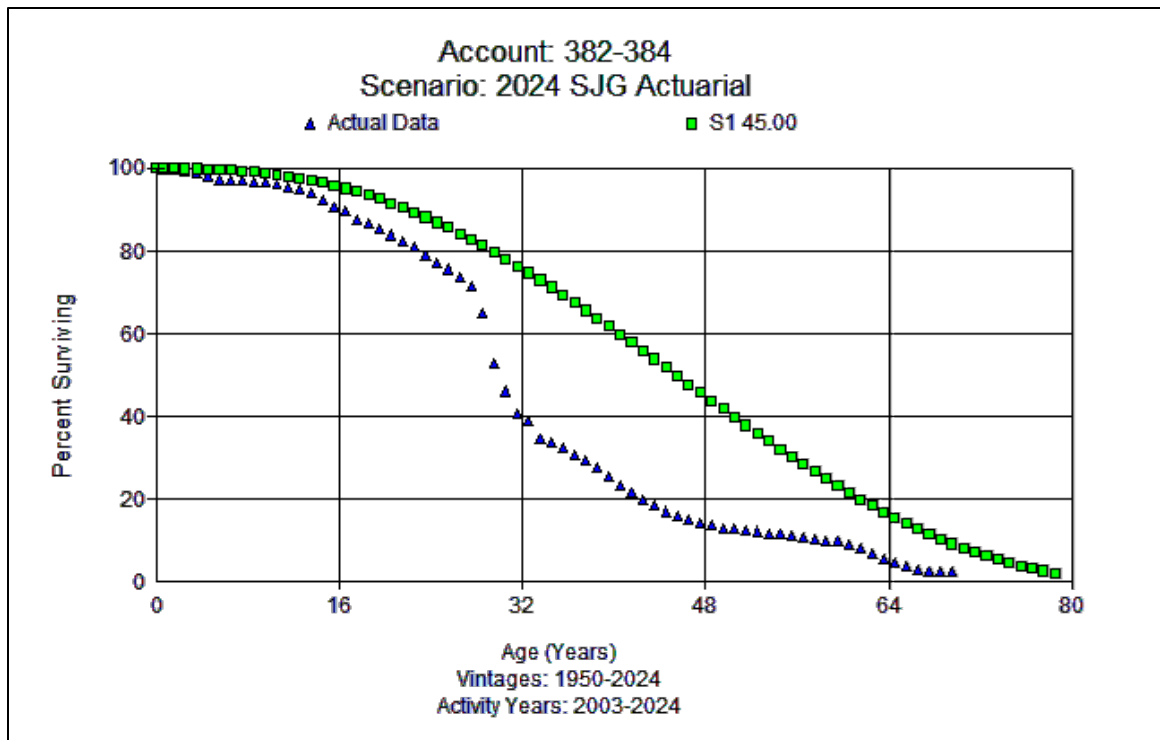


**Account 382 Meter Installations (45 S1)**

This account consists of the cost of meter installations associated with distribution operations. There is approximately \$94.7 million in the account. The existing life is 33 R1.

Discussions with Company personnel indicated that they are currently using a prefab meter bar and began using these at least 20 years ago. The meter bar does not include the riser. The regulators should last longer than the meters. Company SMEs believe that the meter loop would have a life consistent with services. Generally, meter loops and regulators will be replaced when a service is replaced. Company personnel indicated that maybe 50% of the time when a meter is pulled the meter bar is replaced as well. They are collapsing 383 and 384 in their system and they want one rate (combined) for these two accounts.

The analysis indicates a lower life but discussions with Company personnel, indicated the life of 382-384 will be longer than the meter life and more aligned with the life of services. The S1 45 provides a balance between the meter life, services life, analyses indications, and Company expectations. This study recommends moving to the 45 S1 at this time. A graph of the combined accounts observed life table versus the proposed life and curve is shown below.



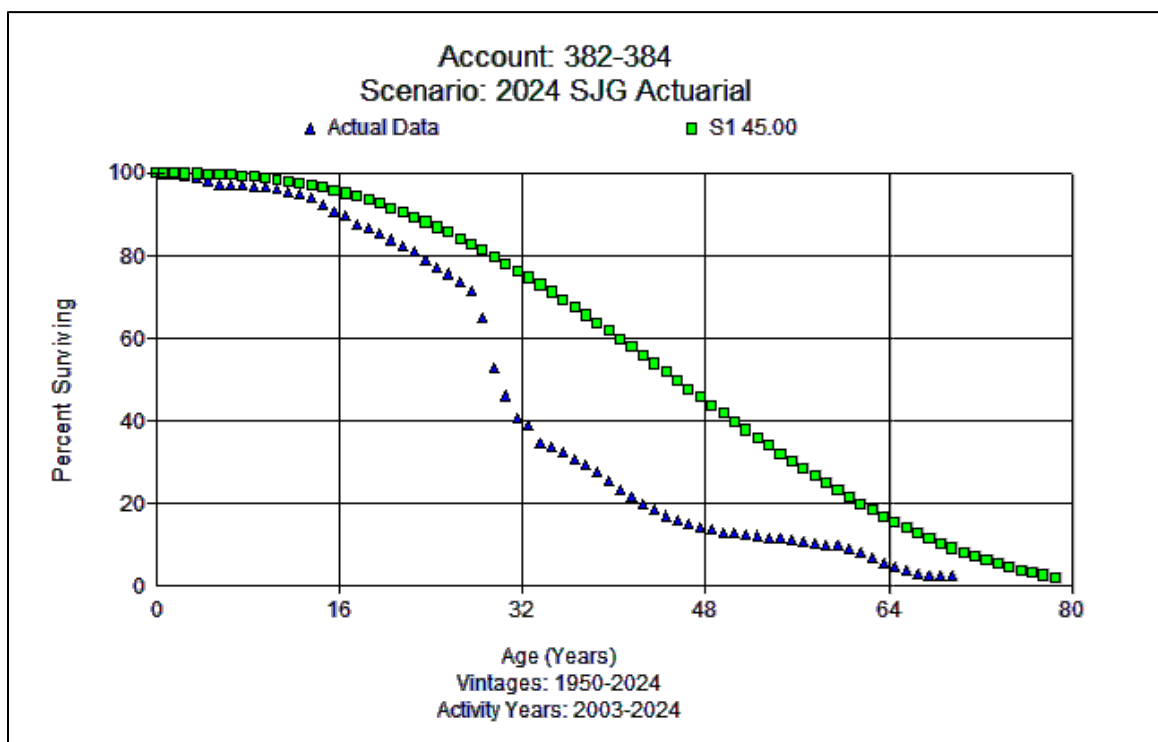


### Account 383 House Regulators (45 S1)

This account consists of the cost of house regulators associated with distribution operations. There is approximately \$14.9 million in this account. The existing life is 46 S5.

Discussions with Company personnel indicated that since the implementation of Maximo in 2014 they are doing a more accurate job at retiring regulators, which is expected to decrease the life indications going forward. In the future the Company is collapsing Accounts 383 and 384 into one combined account. This study will propose a single rate for the combined 383/384 accounts.

There have not been enough years of the higher level of transactions to materially affect the life analysis at this point. The life of Accounts 382, 383 and 384 are linked based on Company practices for replacing the meter loop and regulator with the replacement of the service. This study recommends the 45 S1. A graph of the combined account 382-384 analysis observed life table versus the proposed life and curve is shown below.

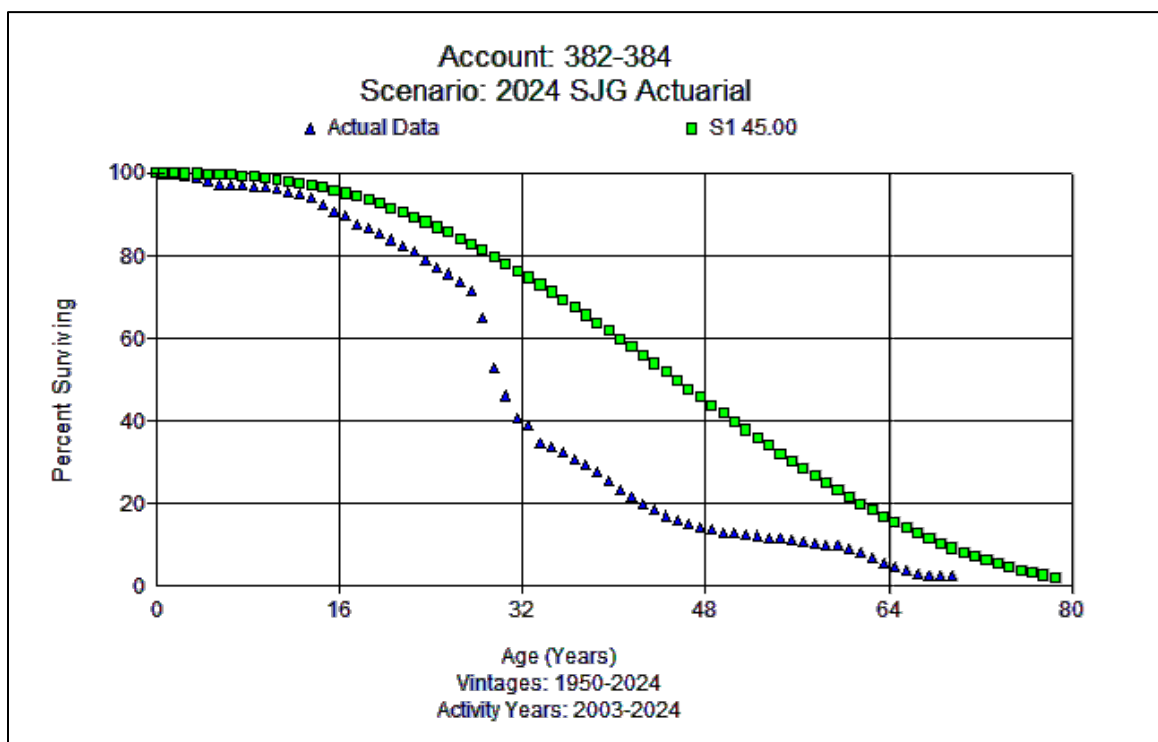


### Account 384 House Regulator Installations (45 S1)

This account consists of the cost of the installation of house regulators associated with distribution operations. There is approximately \$102.5 million in this account. The existing life is 45 R4.

Discussions with Company personnel indicated that they would replace a regulator when they replace the meter if it is not pre-fabricated. If prefabricated, the loop (including the regulator) would normally only be replaced when the service is replaced. In the future the Company is collapsing Accounts 383 and 384 into one combined account. This study will propose a single rate for the combined 383/384 accounts.

Consistent with the other accounts, the life indications are longer than what is expected going forward. Accounts 382, 383, and 384 are linked. Based on type of assets, the analyses, Company input, and judgment, this study recommends a 45 year life with S1 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.

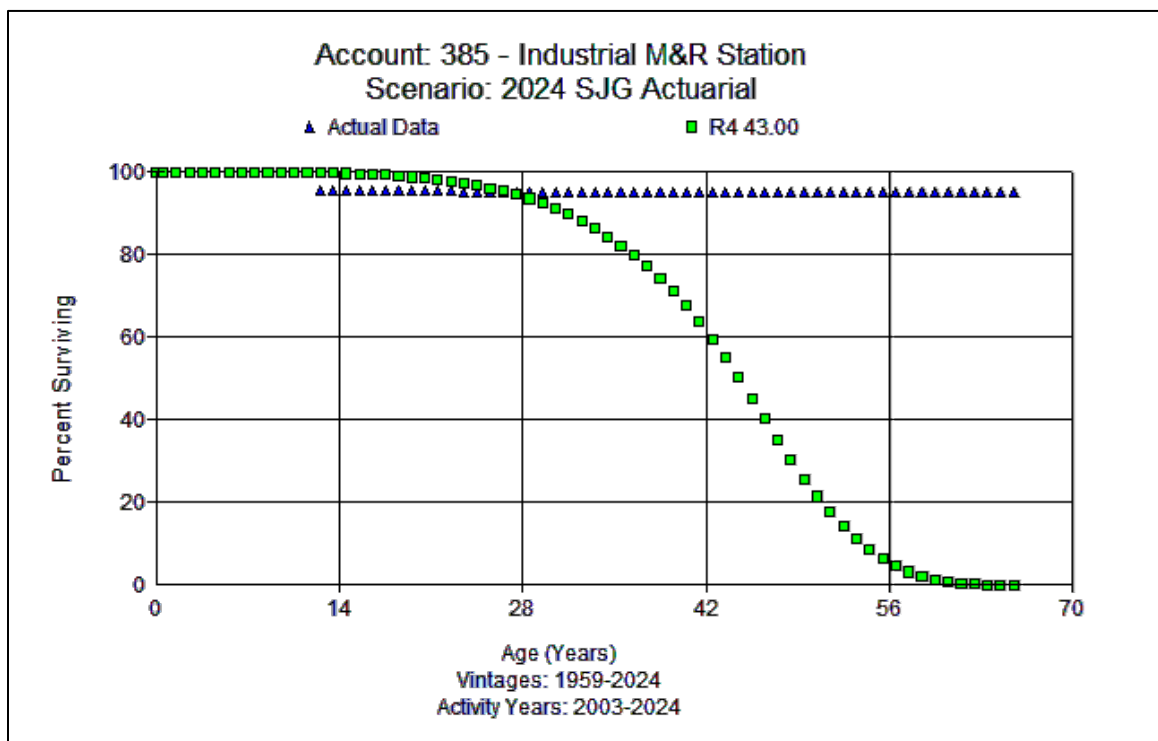


### Account 385 Industrial Measuring and Regulating Equipment (43 R4)

This account consists of the cost of industrial measuring and regulating equipment associated with distribution operations. There is approximately \$15.9 million in this account. The existing life is 43 R4. The current average age is 13.82 years.

Discussions with Company personnel indicated that, from a operational life standpoint, the life would be similar to an above ground DRS, but the assets are more susceptible to changes in customer capacity demands. The assets are installed at industrial and commercial customers' locations across the system. Operationally, Company personnel believe the existing 43-year life is reasonable.

The actuarial analysis did not produce meaningful results. Based on type of assets, Company input, and judgment, this study recommends retention of the existing 43 R4. A graph of the account observed life table versus the proposed life and curve is shown below.

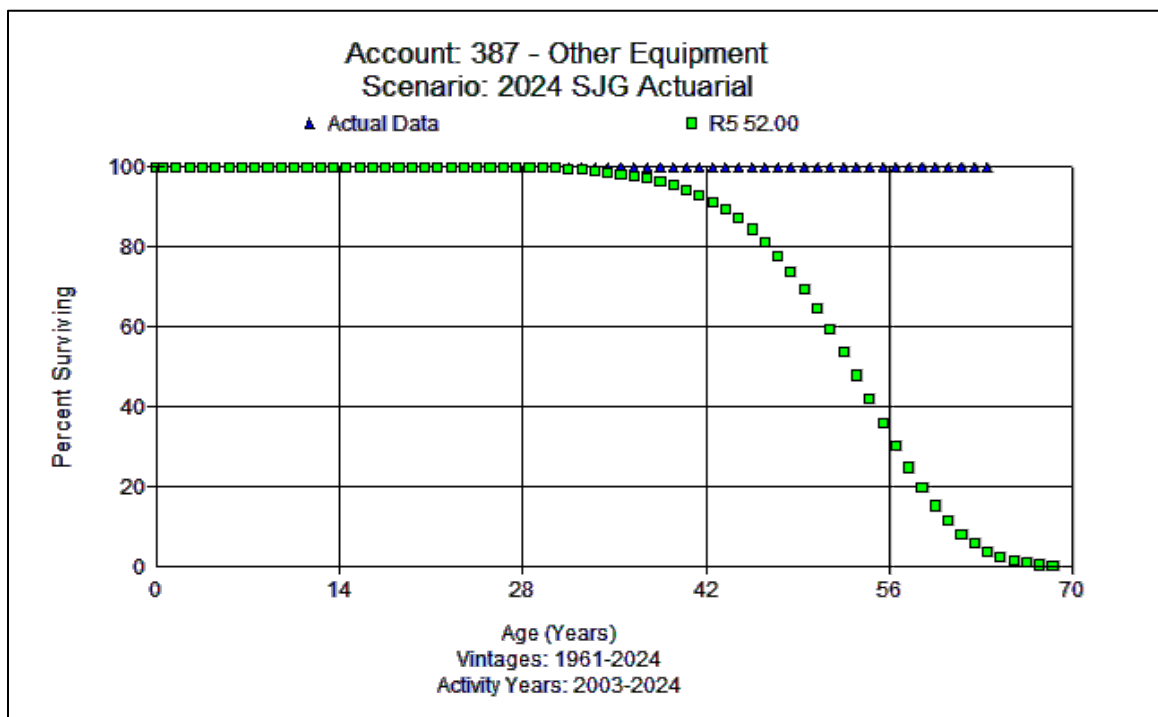


### Account 387 Other Equipment (52 R5)

This account consists of the cost related to various other equipment associated with distribution operations. There is approximately \$156 thousand in this account. The existing life is 52 R5.

Discussions with Company personnel indicated that the cost is mostly parking lots and roads. Operationally, 50 years seems somewhat long, but the practice of incrementally adding layers to roads in many cases rather than replacing them might push the life longer. Old gas lamps are also in this account.

There was not enough aged historical retirement activity for analysis. Investment in this account has remained constant. Based on the analysis, Company input, and judgment, this study recommends retaining the 52 year life and the R5 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.



## **NEW PROJECTS**

### **South Harrison Hydrogen**

SJG currently has the South Harrison Project where it intends to produce hydrogen by electrolysis, which is powered by a combination of grid-supplied power and solar power sourced from SJG's onsite solar facilities. The electrolyzer will be located at the New Century Compressor Station. The facility will have hydrogen production, storage, blending and measurement. The hydrogen will be blended into the gas distribution system. The hydrogen, a carbon neutral fuel with a high BPU content, blended with natural gas, will reduce the carbon intensity of the gas being provided to SJG customers.

The electrolyzer will be recorded to Account 309 and is expected to have a life of 21 years with the SQ dispersion resulting in a study proposed rate of 4.76%. The remaining associated assets such as piping and measuring and regulating, will be recorded to existing Accounts 367 and 369, respectively. The total estimated project cost is \$16.35 million and is expected to be in service in December 2025.

### **ACUA RNG Project**

This project is work with OPAL Fuel's to interconnect the Atlantic County Utility Authority ("ACUA") Landfill gas supply to the SJG distribution system. The newly treated gas enters SJG's distribution system through a new gate station and into approximately 4,000 feet of gas piping to interconnect his new source of supply. No new accounts will be required. The total estimated project cost is \$4.86 million with SJG assets recorded to Account 367100 Mains for an estimated \$4.7 million and Account 379000 M&R Stations – City Gates for an estimated \$0.12 million. The project was placed in service in May 2025.

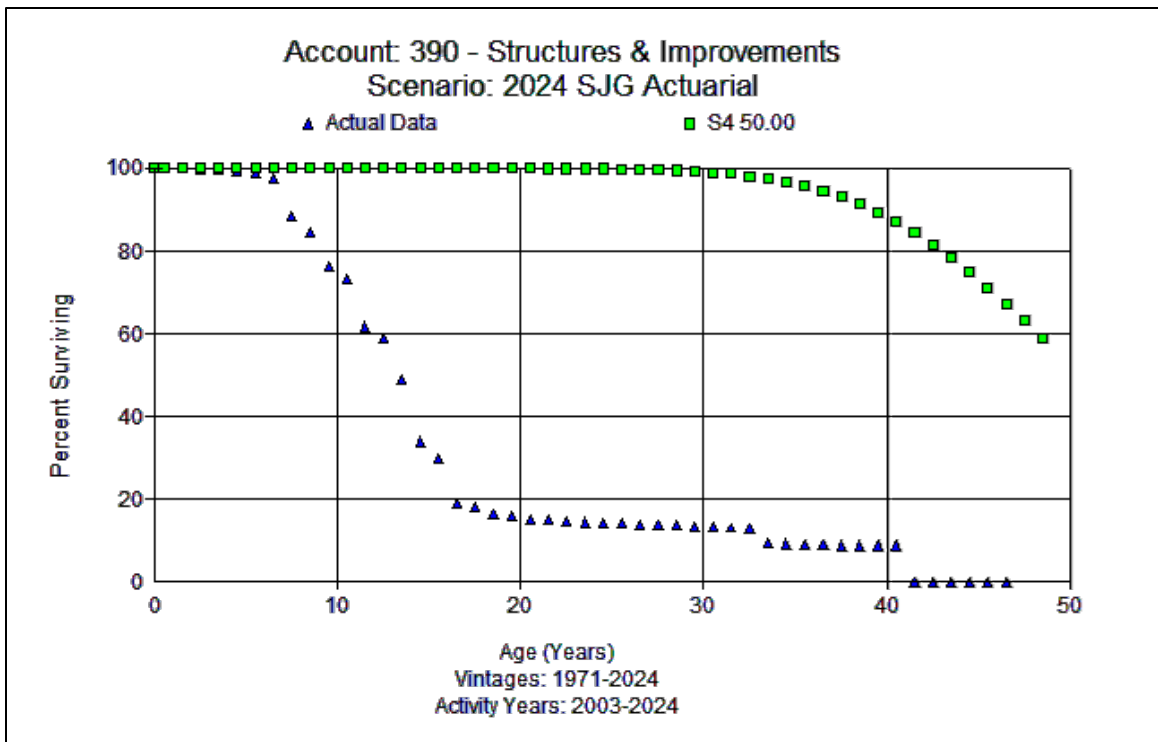
## **General Plant – Depreciated**

### **Account 390 Structures and Improvements (50 S4)**

This account consists of structures and various improvements associated with the general plant. There is approximately \$85.0 million in this account. The existing life is 50 S4. The current average age of surviving investment is approximately 4.24 years.

Discussions with Company personnel indicated that the new Atlantic City Headquarters (“HQ”), built in 2018, is the largest asset in this account. There are six operating division buildings in this account as well, all six of which have been in service for at least 50 years. Although many of the assets related to the building have been replaced, the structure of the buildings could last up to 70 years. Four of the operating division buildings are good for another 5-10 years, while one, Pleasantville, could be considered for replacement due to capacity and location, and the Glassboro training will be moved to Waterford (which was completely renovated and placed in service in 2023) due to capacity and training needs. Generators would have a life of 20-25 years. The HQ building is on the ocean and that environment causes the degradation of buildings faster. However, with proper maintenance, the HQ shell could last longer than 50 years. There are various other assets with shorter lives such as: 20 years for HVAC (less due to salt for HQ); 10 years for Roofs (20 for HQ); Parking Lots are all concrete and are expected to last 25 years before major maintenance/replacement; Remodeling would occur as needed, possibly in a 15-year cycle range; and Generators are expected to have a life of 20-25 years.

In the actuarial analysis the best fits indicate a life around 11-12 years, which is too low for the type and mix of assets in the account. Even though the analysis shows a shorter life possibly due to the shorter-lived retirements), retention of the 50 S4 is reasonable given the large investment in the HQ building in 2018. A graph of the account observed life table versus the proposed life and curve is shown below.

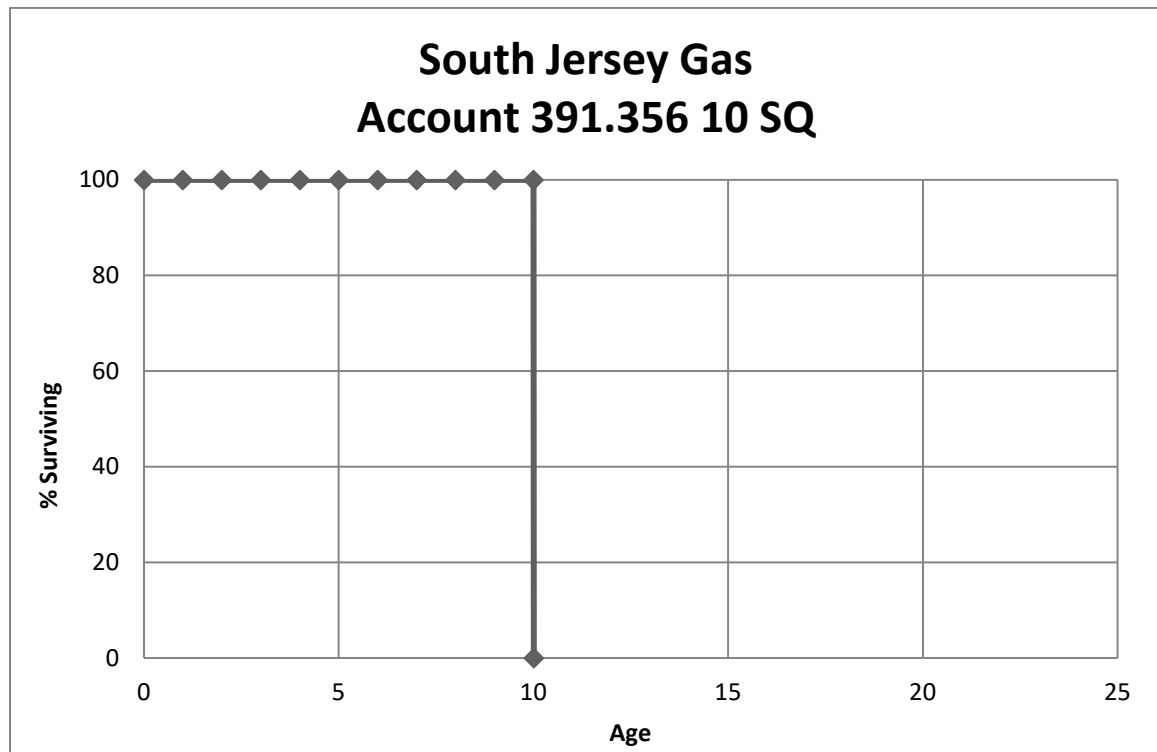


### Account 391.356 Major Software Systems Implementation (10 SQ)

This account consists of the cost of major software and systems and implementation associated with general plant facilities. There is approximately \$139.4 million in this account. The existing life is 10 SQ.

Discussions with Company personnel indicated that ERP systems CC&B was installed in 2015 and has not had material functionality changes, Maximo was installed in 2014-2015; CC&B and Maximo upgrades are currently planned for 2027 or 2028; Hyperion is now cloud based. Current cloud assets have their implementation cost in the system account. Company personnel are discussing whether to combine systems for ETG and SJG or go to the cloud.

There is no analysis due to prior grouping and amortization accounting. Based on discussions with Company personnel, a 10-year life is still appropriate based on the changing conditions and possible movement to the cloud. This study recommends retention of the existing 10 SQ. A representative graph of the life of the account is shown in the curve below.



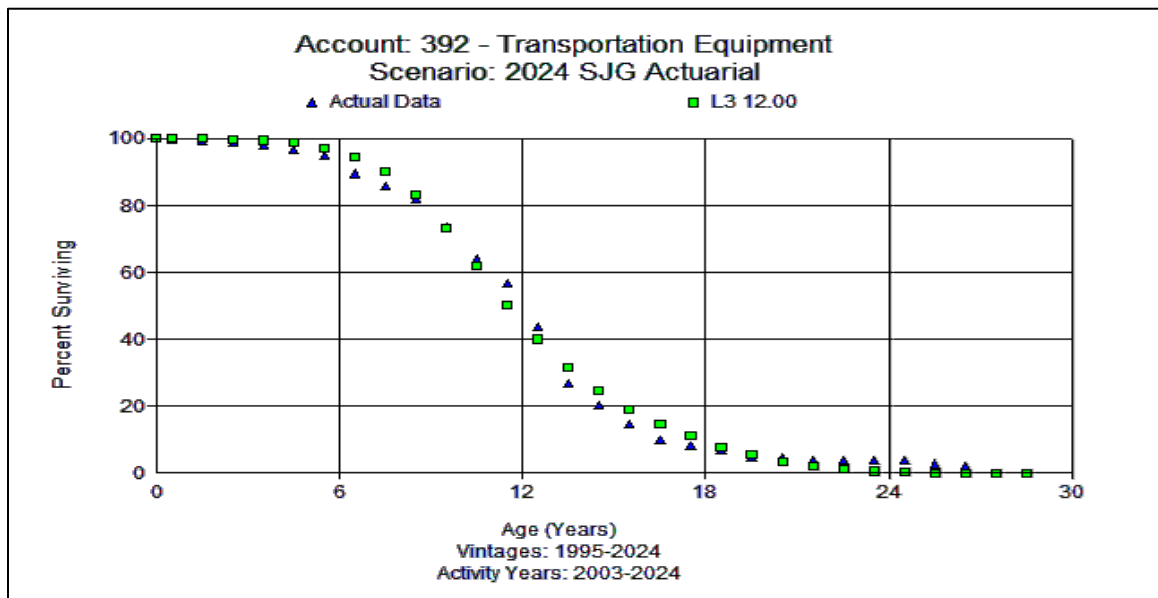


### Account 392 Transportation Equipment (12 L3)

This account consists of various types of transportation equipment including cars and trucks. There is approximately \$29.5 million in this account. The existing life is 11 L3. The current average age of investment is 7.36 years.

Discussions with Company personnel indicated they are using CNG as their fuel. They are purchasing a chassis and putting a body, etc., on it. The lead time to do that conversion is up to 1.5 years. This has resulted in keeping existing vehicles a little longer while the new vehicles are built. They expect the life to extend slightly as a result. During COVID-19, they reduced the drivers in a vehicle to one and some vehicles scheduled for retirement were put back on the road. They expect the life to decrease in the future as more normal operations resume. They are trying to reduce the timeline on the retrofits. They historically looked at 100,000 miles or 10 years, but engine hours are the driver of replacement for CNG fueled vehicles.

The analysis indicated a life between 11-12 years. The best fit in a recent band is the 12 L3. Based on the analysis and discussions with Company personnel, this study recommends moving to a 12-year life and retaining the L3 dispersion. A graph of the account observed life table versus the proposed life and curve is shown below.

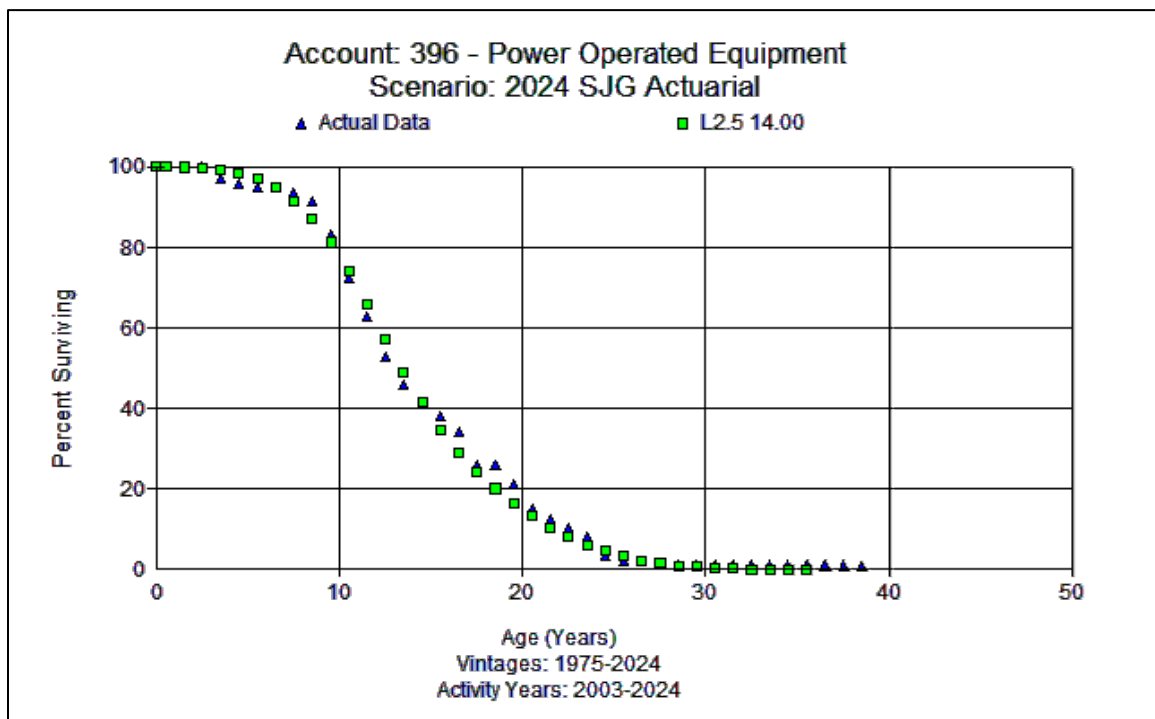


### Account 396 Power Operated Equipment (14 L2.5)

This account consists of the cost of power operated equipment associated with the general plant. There is approximately \$2.0 million in this account. The existing life is 13 L3. The current average age of investment is approximately 8.52 years.

Discussions with Company personnel indicated they are purchasing the same type of units as in the past. They would see no reason that the life would change. Trailers are generally sold with the equipment it is carrying. However, supply chain shortages have affected this account as well so moving to 14 years might be more reasonable at this time. They would expect a 10-12 year life at some point when supply chain issues resolve more.

Actuarial analysis indicates a best fit with 14 L2.5. Although slightly longer than Company expectations. Based on the actuarial analysis, recent conditions and discussions with Company, the study recommends moving to a life of 14 years and an L2.5 dispersion at this time. A graph of the account observed life table versus the proposed life and curve is shown below.



### General Plant – Amortized

Consistent with the prior study, this study consolidates the remaining groups of similar assets into single accounts for amortization. No graphs are provided for amortization accounts.

**Account 391 (391050 & 051) Office Furniture and Equipment (20 SQ)**

This account consists of miscellaneous office furniture such as desks, chairs, filing cabinets, and tables used for general utility service. There is approximately \$8.6 million after consolidation of accounts (approximately \$2.6 million in 391.050 and \$6.0 million in 391.051) and retirement of assets with a life greater than the ASL. The existing life is 20 SQ. Newer furniture has a shorter life than in the past, both from construction, design, and the embedding of electronics in some assets. Some of the older furniture might have up to a 30-year life when the newer furniture (e.g., the furniture in HQ) may only have a 15-year life. The existing 20 SQ is retained.

**Account 391.358 (391300 & 391350) - Computer Equipment (5 SQ)**

This account consists of the cost of all computers, servers, network, and related software equipment used for general utility service. There is approximately \$11.9 million after consolidation of accounts and retirement of assets with an age greater than the ASL. The existing life is 5 SQ.

Discussions with Company personnel indicated that the Company's PCs are on a four-year replacement cycle; with a few in the fifth year used as spares. Toughbooks are in the process of being replaced with Windows Tablets (which will likely have a shorter life). In the past, network and server hardware was also recorded to this account, which is on a 6-year cycle. All networking (routers, switches, connections) is Cisco equipment. The software for these respective assets is expected to follow the hardware. The existing 5 SQ is retained for the mix in this account. The prior study established new Accounts 391.359 for PC/

Laptop/Toughbook Equipment, 391.360 for Network/Server Hardware, 391.361 PC/Laptop, Non-Enterprise Software, and 391.362 Network/Server Software.

**Account 391.359 – PC, Laptop, and Toughbook Equipment (4 SQ)**

This account consists of the cost of PC, laptops, and Toughbook/tablet computer equipment used for general utility service. There is approximately \$2.4 million in this account after retirement of assets with a life greater than the ASL. The existing life is 4 SQ.

Discussions with Company personnel indicated that they budget to replace every four years. Toughbooks and tablets would be replaced more frequently. The Company does keep some working PCs in inventory following a refresh for use as loaners or for contractors. The approved life is 4 SQ and is retained. Note – Account 391.358 is a legacy account that was set at 5 years in previous rate case cycles and will continue at that life until fully retired.

**Account 391.360 – Network/Server Hardware Equipment (6 SQ)**

This account consists of the cost of network and server hardware equipment used for general utility service. There is approximately \$2.5 million in this account. The existing life is 6 SQ.

Discussions with Company personnel indicated Cisco equipment is a virtual server “farm”. The networking equipment consists of routers, switches, and connections. Company personnel indicated that Cisco expects a five-year life for its equipment, but Company personnel believe six years is still reasonable at this time. The approved life is 6 SQ and is retained.

**Account 391.361 – PC, Laptop, and Non-Enterprise Software (4 SQ)**

This account consists of the cost of software for PC, laptops, Toughbook/tablet, and non-enterprise software used for general utility service. There is approximately \$4.3 million in this account after retirements for assets with an age greater than the ASL. The existing life is 4 SQ.

Discussions with Company personnel indicated the life of software will be the same as the hardware and both would normally be refreshed on a 4-year cycle. Based on those discussions, this study recommends retaining the 4 SQ to match the life of Account 391.359.

#### **Account 391.362 – Network/Server Software (6 SQ)**

This account consists of the cost of network and server software used for general utility service. There is approximately \$1.1 million in this account. The existing life is 6 SQ.

Discussions with Company personnel indicated that the life of the software would be the similar to that of the hardware it is running on. Based on those discussions, this study recommends retaining the 6 SQ to match the life of Account 391.360.

#### **Account 391.373 Major Software Systems Upgrades (5 SQ)**

This account consists of the cost of major software and systems upgrades associated with its major software systems. This is a new account. There is approximately \$7.4 million in this account. The Company explained that upgrades are occurring about every five years. This study recommends 5 SQ.

#### **Account 393 Stores Equipment (25 SQ)**

This account consists of costs associated with stores equipment used for general utility service. This is mostly shelving. There is approximately \$6 thousand in this account but will move to zero after retirement of assets with an age greater than the ASL. The existing 25 SQ is reasonable and retained in this study.

#### **Account 394 (394.050 & 394.051) Tools, Shop, and Garage (15 SQ)**

This account consists of miscellaneous tools, shop, and garage equipment used for general utility service. There is approximately \$5.1 million after consolidation of accounts. The existing life is 15 SQ.

Discussions with Company personnel indicated electronic tools have a shorter life, while the “steel” tools have a longer life. However, the majority of the tools break or are lost long before 20 years. The study retains 15 SQ.

#### **Account 395 Laboratory Equipment (20 SQ)**

This account consists of various costs associated with laboratory equipment used for general utility service. There is no investment in this account. The existing 20 SQ life and rate is retained for any future investment.

#### **Account 397 (397.050 & 397.051) Communication Equipment (15 SQ)**

This account consists of all communication equipment including mobile and fixed radio systems, telephone, telemetering, and other miscellaneous equipment used for general utility service. There is a balance of approximately \$1.5 million after consolidation of accounts. The existing life is 15 SQ.

Discussions with Company personnel indicated that the assets are private network radios in trucks, many of which were upgraded in 2012 due to the narrow banding. The bulk of mobile radios were upgraded within the last five to seven years. The base station equipment is now over 10 years old. Telephone equipment at all locations is now VOIP. Overall, the life expectation for the account is between 10-15 years. This study retains the existing 15 SQ.

#### **Account 398 (398.050) Miscellaneous Equipment (20 SQ)**

This account includes the cost of miscellaneous equipment used for general utility service. There is approximately \$713 thousand after consolidation of accounts and retirements for assets with an age greater than the ASL. The existing life is 20 SQ and is retained.

## NET SALVAGE ANALYSIS

When a capital asset is retired, physically removed from service and finally disposed of, terminal retirement is said to have occurred. The residual value of a terminal retirement is called gross salvage. Net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the salvage and removal costs stated in current dollars by the original installed cost of the asset stated in dollars when the plant went into service. Some plant assets can experience significant negative removal cost percentages due to the timing of the original addition versus the retirement. For example, a Distribution asset in FERC Account 376 Steel Mains with a current installed cost of \$500 (2024) would have had an installed cost of \$13.08<sup>2</sup> in 1956. A removal cost of \$50 for the asset calculated (incorrectly) on current installed cost would only have a negative 10 percent removal cost (\$50/\$500). However, a correct removal cost calculation would show a negative 382 percent removal cost for that asset (\$50/\$13.08). Inflation from the time of installation of the asset until the time of its removal must be taken into account in the calculation of the removal cost percentage because the depreciation rate, which includes the removal cost percentage, will be applied to the original installed cost of assets.

The normal net salvage analysis that is performed uses the history of the individual accounts to estimate the future net salvage that a company can expect in its operations. As a result, the analysis not only looks at the historical experience but also considers recent and expected changes in operations that could reasonably lead to different future expectations for net salvage than were experienced in the past. Generally, recent experience is more heavily weighted in making net salvage recommendations than experience older than 10 years. As discussed below, this approach was not used for SJG.

### Net Salvage Characteristics

---

<sup>2</sup> Using the Handy-Whitman Bulletin No. 200, G-1, line 44, \$13.08 = \$500 x 43/1644.

In the traditional net salvage analysis, we take historical data for each account, including data for retirements, gross salvage, and cost of removal for as far back as available. A minimum of 10 years is desired. Moving averages, which remove timing differences between retirement and salvage and removal cost, would be analyzed over periods varying from one to 2 to 10 years. These are then evaluated in making the net salvage recommendations for the study. However, prior Board orders have supported the New Jersey Division of Rate Counsel position that an average of net salvage expense should be used to calculate net salvage and included in the overall depreciation expense of the Company. Therefore, while neither the Company nor Alliance agrees with this position, the Company wished to avoid significant controversy on this issue and directed Alliance to follow this methodology.

As a result, it was agreed that we would use an average of recent historical net salvage experience. For reasons set forth in the testimony accompanying this report, the most recent five-year period was used to calculate the average. The result, a net salvage amount of \$5,472,514 has been incorporated into the total annual accrual amount for the Company as shown on Appendix A and Appendix B. Appendix D provides the calculation of the net salvage amount used for the annual net salvage accrual amount.



## **APPENDIX A – Computation of Depreciation Accrual Rates**

**SOUTH JERSEY GAS COMPANY**  
**COMPUTATION OF DEPRECIATION ACCRUAL RATE**  
**AT DECEMBER 31, 2024**

| Account Description                                                  | Original<br>Plant Cost<br>at 12/31/2024 | Book<br>Reserve    | Net<br>Salvage<br>Percent | Net<br>Salvage<br>Amount | Unaccrued<br>Balance  | Composite<br>Remaining<br>Life | Calculated<br>Annual Accrual |               |
|----------------------------------------------------------------------|-----------------------------------------|--------------------|---------------------------|--------------------------|-----------------------|--------------------------------|------------------------------|---------------|
|                                                                      |                                         |                    |                           |                          |                       |                                | Amount                       | Rate          |
| (1)                                                                  | (2)                                     | (3)                | (4)                       | (5) = (4) x (2)          | (6) = (2) - (3) - (5) | (7)                            | (8)=(6)/(7)                  | (9) = (8)/(2) |
| <b>Liquefied Natural Gas Plant</b>                                   |                                         |                    |                           |                          |                       |                                |                              |               |
| 361 Structures and Improvements                                      | \$ 4,255,654                            | \$ 997,858         | 0%                        | \$ -                     | \$ 3,257,797          | 39.37                          | \$ 82,746                    | 1.94%         |
| 362 Gas Holders                                                      | 4,230,429                               | 2,414,309          | 0%                        | 0.00                     | 1,816,120             | 38.23                          | 47,506                       | 1.12%         |
| 363 Purification Equipment                                           | 55,443,548                              | 18,804,212         | 0%                        | 0.00                     | 36,639,336            | 25.51                          | 1,436,102                    | 2.59%         |
| <b>Total Liquefied Natural Gas Plant</b>                             | <b>63,929,631</b>                       | <b>22,216,379</b>  |                           | <b>0.00</b>              | <b>41,713,253</b>     |                                | <b>1,566,354</b>             | <b>2.45%</b>  |
| <b>Transmission Plant</b>                                            |                                         |                    |                           |                          |                       |                                |                              |               |
| 366 Structures and Improvements                                      | 3,411,516                               | 562,136            | 0%                        | 0.00                     | 2,849,380             | 23.80                          | 119,699                      | 3.51%         |
| 367 Mains                                                            | 314,719,753                             | 85,112,768         | 0%                        | 0.00                     | 229,606,985           | 61.62                          | 3,726,371                    | 1.18%         |
| 368 Compressor Station Equipment                                     | 93,918,632                              | 9,238,262          | 0%                        | 0.00                     | 84,680,369            | 31.16                          | 2,717,306                    | 2.89%         |
| 369 Measuring and Regulating Equipment                               | 71,046,732                              | 20,893,531         | 0%                        | 0.00                     | 50,153,201            | 35.51                          | 1,412,350                    | 1.99%         |
| 370 Communication Equipment                                          | 368,715                                 | 140,822            | 0%                        | 0.00                     | 227,893               | 8.46                           | 26,930                       | 7.30%         |
| 371 Other Equipment                                                  | 256,704                                 | 95,707             | 0%                        | 0.00                     | 160,997               | 11.48                          | 14,030                       | 5.47%         |
| <b>Total Transmission Plant</b>                                      | <b>483,722,052</b>                      | <b>116,043,226</b> |                           | <b>0.00</b>              | <b>367,289,936</b>    |                                | <b>8,016,685</b>             | <b>1.66%</b>  |
| <b>Distribution Plant</b>                                            |                                         |                    |                           |                          |                       |                                | 8,016,685                    |               |
| 375 Structures and Improvements                                      | 27,495,602                              | 5,191,482          | 0%                        | 0.00                     | 22,304,120            | 22.02                          | 1,012,891                    | 3.68%         |
| 375.100 CNG Stations                                                 | 14,547,301                              | 4,048,083          | 0%                        | 0.00                     | 10,499,218            | 18.80                          | 558,461                      | 3.84%         |
| 376 Mains                                                            | 1,736,880,840                           | 265,097,401        | 0%                        | 0.00                     | 1,471,783,439         | 55.40                          | 26,565,801                   | 1.53%         |
| 378 M&R Station Equipment - General                                  | 6,289,701                               | 3,447,145          | 0%                        | 0.00                     | 2,842,555             | 16.99                          | 167,281                      | 2.66%         |
| 379 M&R Station Equipment - City Gate                                | 7,280,731                               | 1,329,903          | 0%                        | 0.00                     | 5,950,829             | 41.21                          | 144,409                      | 1.98%         |
| 380 Services                                                         | 1,120,380,643                           | 234,945,119        | 0%                        | 0.00                     | 885,435,524           | 34.43                          | 25,715,735                   | 2.30%         |
| 381 Meters                                                           | 114,674,896                             | 8,683,449          | 0%                        | 0.00                     | 105,991,446           | 16.32                          | 6,492,745                    | 5.66%         |
| 382 Meter Installations                                              | 94,663,328                              | 4,407,187          | 0%                        | 0.00                     | 90,256,140            | 39.54                          | 2,282,936                    | 2.41%         |
| 383-384 C House Regulators & Installation                            | 117,394,871                             | 19,503,583         | 0%                        | 0.00                     | 97,891,289            | 37.78                          | 2,591,351                    | 2.21%         |
| 385 Industrial M&R Equipment                                         | 15,856,119                              | 6,762,132          | 0%                        | 0.00                     | 9,093,987             | 30.42                          | 298,903                      | 1.89%         |
| 387 Other Equipment                                                  | 155,583                                 | 115,038            | 0%                        | 0.00                     | 40,546                | 5.94                           | 6,821                        | 4.38%         |
| <b>Total Distribution Plant</b>                                      | <b>3,255,619,615</b>                    | <b>553,530,523</b> |                           | <b>0.00</b>              | <b>2,702,089,092</b>  |                                | <b>65,837,334</b>            | <b>2.02%</b>  |
| <b>General Plant Depreciated</b>                                     |                                         |                    |                           |                          |                       |                                |                              |               |
| 390 Structures and Improvements                                      | 84,971,403                              | 8,610,806          | 0%                        | 0.00                     | 76,360,598            | 42.95                          | 1,777,720                    | 2.09%         |
| 391.356 Major Software Systems Implementation                        | 139,431,055                             | 109,538,453        | 0%                        | 0.00                     | 29,892,602            | 1.77                           | 16,851,480                   | 12.09%        |
| 392 Transportation Equipment                                         | 29,540,585                              | 16,716,879         | 0%                        | 0.00                     | 12,823,706            | 5.23                           | 2,449,736                    | 8.29%         |
| 396 Power Operated Equipment                                         | 1,987,274                               | 1,050,535          | 0%                        | 0.00                     | 936,740               | 5.51                           | 170,047                      | 8.56%         |
| <b>Total General Depreciated</b>                                     | <b>255,930,317</b>                      | <b>135,916,672</b> |                           | <b>0.00</b>              | <b>120,013,645</b>    |                                | <b>21,248,983</b>            | <b>8.30%</b>  |
| <b>General Plant Consolidated - Amortized</b>                        |                                         |                    |                           |                          |                       |                                |                              |               |
| <b>After Retirement of Assets With Age &gt; Average Service Life</b> |                                         |                    |                           |                          |                       |                                |                              |               |
| 391X Office Furniture and Equipment                                  | 8,609,403                               | 3,164,841          | 0%                        | 0.00                     | 5,444,562             |                                | 487,558                      | 1 5.00%       |
| 391358 Computer Equipment                                            | 11,892,477                              | 9,696,975          | 0%                        | 0.00                     | 2,195,502             |                                | 1,694,064                    | 1 20.00%      |
| 391359 PC, Laptop, Toughbook Equipment                               | 2,400,003                               | 1,290,929          | 0%                        | 0.00                     | 1,109,073             |                                | 606,510                      | 1 25.00%      |
| 391360 Network/Server Hardware                                       | 2,497,346                               | 331,579            | 0%                        | 0.00                     | 2,165,767             |                                | 455,210                      | 1 16.67%      |
| 391361 PC, Laptop, Non Enterprise Software                           | 4,328,861                               | 1,664,222          | 0%                        | 0.00                     | 2,664,639             |                                | 1,170,432                    | 1 25.00%      |
| 391362 Network/Server Software                                       | 1,104,274                               | 157,608            | 0%                        | 0.00                     | 946,666               |                                | 264,311                      | 1 16.67%      |
| 391373 Major Software Systems Upgrades                               | 7,426,689                               | 1,699,670          | 0%                        | 0.00                     | 5,727,018             |                                | 1,426,481                    | 1 20.00%      |
| 393 Stores Equipment                                                 | 0                                       | 784                | 0%                        | 0.00                     | (784)                 |                                | (261)                        | 2 4.00%       |
| 394X Tools, Shop and Garage Equipment                                | 5,061,095                               | 2,361,633          | 0%                        | 0.00                     | 2,699,462             |                                | 302,069                      | 1 6.67%       |

**SOUTH JERSEY GAS COMPANY**  
**COMPUTATION OF DEPRECIATION ACCRUAL RATE**  
**AT DECEMBER 31, 2024**

| Account Description                                     | Original<br>Plant Cost<br>at 12/31/2024 | Book<br>Reserve       | Net<br>Salvage<br>Percent | Net<br>Salvage<br>Amount | Unaccrued<br>Balance    | Composite<br>Remaining<br>Life | Calculated<br>Annual Accrual |               |
|---------------------------------------------------------|-----------------------------------------|-----------------------|---------------------------|--------------------------|-------------------------|--------------------------------|------------------------------|---------------|
|                                                         |                                         |                       |                           |                          |                         |                                | Amount                       | Rate          |
| (1)                                                     | (2)                                     | (3)                   | (4)                       | (5) = (4) x (2)          | (6) = (2) - (3) - (5)   | (7)                            | (8)=(6)/(7)                  | (9) = (8)/(2) |
| 395 Laboratory Equipment                                | 0                                       | 0                     | 0%                        | 0.00                     | 0                       |                                | 0 *                          | 5.00%         |
| 397050 Communication Equipment                          | 1,531,838                               | 433,500               | 0%                        | 0.00                     | 1,098,338               |                                | 75,924 1                     | 6.67%         |
| 398X Miscellaneous Equipment                            | 712,820                                 | 52,907                | 0%                        | 0.00                     | 659,912                 |                                | 38,461 1                     | 5.00%         |
| <b>Total General Plant Amortized</b>                    | <b>45,564,805</b>                       | <b>20,854,649</b>     |                           | <b>0.00</b>              | <b>24,710,156</b>       |                                | <b>6,520,758</b>             | <b>14.31%</b> |
| <b>Total General Plant Depreciated &amp; Amortized</b>  | <b>301,495,122</b>                      | <b>156,771,321</b>    |                           | <b>0.00</b>              | <b>144,723,801</b>      |                                | <b>27,769,741</b>            | <b>9.21%</b>  |
| <b>Five Year Average Annual Net Salvage Amount</b>      |                                         |                       |                           |                          |                         |                                | <b>5,472,514</b>             |               |
| <b>Total Study Depreciable (Excl ARO, Land and ROW)</b> | <b>\$ 4,104,766,421</b>                 | <b>\$ 848,561,449</b> |                           | <b>\$ -</b>              | <b>\$ 3,255,816,082</b> |                                | <b>\$ 108,662,627</b>        | <b>2.65%</b>  |

Note 1: Total Amortization amount is the annual amortization amount plus the fixed 3 year reserve amount for the reserve true-up (deficit/surplus). See GPA for detail.

Note 2= Account is fully depreciated. Amortization amount is for reserve surplus. Future additions will have an amortization rate applied (1/ASL or 1/25=4.00%).

\*Accounts with no balance as of study date but rate to be applied to future additions of plant.

**NEW PROJECT**

**South Harrison Hydrogen**

309 Production Gas Equipment

4.76%

**SOUTH JERSEY GAS**  
**COMPUTATION OF DEPRECIATION ACCRUALS AND RATE - GENERAL PLANT AMORTIZED ACCOUNTS**  
**AT DECEMBER 31, 2024**

|                                      |                                                       | Plant<br>Balance<br>12/31/2024 | Book<br>Reserve<br>12/31/2024 | Theoretical<br>Reserve<br>12/31/2024 | Reserve<br>(Deficit)/Surplus | Reserve<br>Recovery<br>Period (Yrs.) | Amortize<br>Reserve<br>Deficit/(Surplus) | Assets to Retire<br>Greater Than<br>ASL |
|--------------------------------------|-------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|
| General Plant                        |                                                       |                                |                               |                                      |                              |                                      |                                          |                                         |
| Account                              | Description                                           |                                |                               |                                      |                              |                                      |                                          |                                         |
| 391                                  | Office Furniture and Equipment Pre 2005 Additions     | 915                            | (861)                         | 915                                  | (1,776)                      | 3                                    | 592                                      | 915                                     |
| 391050 & 391051                      | Office Furniture and Equipment - Post 12/04 Additions | 8,609,403                      | 3,166,617                     | 3,336,104                            | (169,487)                    | 3                                    | 56,496                                   | -                                       |
| 391100                               | EDP Equipment Prior to                                | 273,056                        | 103,992                       | 44,360                               | 59,632                       | 3                                    | (19,877)                                 | -                                       |
| 391200                               | EDP Equipment-Post 2/85                               | -                              | (1,619)                       | -                                    | (1,619)                      | 3                                    | 540                                      | -                                       |
| 391300                               | Personal Computers-Post                               | -                              | 219                           | -                                    | 219                          | 3                                    | (73)                                     | -                                       |
| 391350                               | Office Furniture and Equip - Computer Post 12/04 Add  | -                              | 1,816,632                     | -                                    | 1,816,632                    | 3                                    | (605,544)                                | -                                       |
| 391358                               | Computer Equipment                                    | 12,307,593                     | 8,465,924                     | 8,287,494                            | 178,430                      | 3                                    | (59,477)                                 | 688,172                                 |
| 391359                               | PC, Laptop, Toughbook Equipment                       | 2,445,573                      | 1,336,500                     | 1,356,028                            | (19,528)                     | 3                                    | 6,509                                    | 45,571                                  |
| 391360                               | Network/Server Hardware                               | 2,497,346                      | 331,579                       | 448,536                              | (116,957)                    | 3                                    | 38,986                                   | -                                       |
| 391361                               | PC, Laptop, Non Enterprise                            | 4,560,456                      | 1,895,817                     | 2,160,468                            | (264,651)                    | 3                                    | 88,217                                   | 231,595                                 |
| 391362                               | Network/Server Software                               | 1,104,274                      | 157,608                       | 398,403                              | (240,794)                    | 3                                    | 80,265                                   | -                                       |
| 391373                               | Major Software Systems Upgrades                       | 7,426,689                      | 1,699,670                     | 1,523,099                            | 176,571                      | 3                                    | (58,857)                                 | -                                       |
| 393                                  | Stores Equipment Pre 2005 Additions                   | 6,203                          | 6,988                         | 6,203                                | 784                          | 3                                    | (261)                                    | 6,203                                   |
| 394                                  | Tools, Ship & Garage Equip Pre 2005 Additions         | 18,727                         | 24,028                        | 14,357                               | 9,671                        | 3                                    | (3,224)                                  | -                                       |
| 394050 & 394051                      | Tools, Ship & Garage Equip Post 12/04                 | 5,042,368                      | 2,337,604                     | 2,241,263                            | 96,342                       | 3                                    | (32,114)                                 | -                                       |
| 395                                  | Laboratory Equipment                                  | -                              | -                             | -                                    | -                            | 3                                    | -                                        | -                                       |
| 397050                               | Communications Equipment Post                         | 1,531,838                      | 432,983                       | 354,904                              | 78,079                       | 3                                    | (26,026)                                 | -                                       |
| 397070                               | Communications Equipment ADS Prior 2005               | -                              | 517                           | -                                    | 517                          | 3                                    | (172)                                    | -                                       |
| 398                                  | Miscellaneous Equipment                               | 1,590                          | 1,679                         | 1,590                                | 89                           | 3                                    | (30)                                     | 1,590                                   |
| 398050                               | Miscellaneous Equipment Post 12/04                    | 712,820                        | 52,819                        | 61,367                               | (8,548)                      | 3                                    | 2,849                                    | -                                       |
| <b>Total General Plant Amortized</b> |                                                       | <b>46,538,851</b>              | <b>21,828,695</b>             | <b>20,235,091</b>                    | <b>1,593,604</b>             |                                      | <b>(531,201)</b>                         | <b>974,046</b>                          |

**GENERAL PLANT CONSOLIDATED - AMORTIZED**

After Retirements of Assets With Age &gt; Average Service Life

| Account | Description                     | Plant<br>Balance<br>45,657 | Book<br>Reserve<br>45,657 | Proposed<br>Life | Annual<br>Amortization | Accrual<br>For Reserve<br>Deficit/Surplus | (1) Total<br>Amortization | (2) Annual<br>Amortization<br>% |
|---------|---------------------------------|----------------------------|---------------------------|------------------|------------------------|-------------------------------------------|---------------------------|---------------------------------|
| 391X    | Office Furniture and Equipment  | 8,609,403                  | 3,164,841                 | 20               | 430,470                |                                           |                           | 5.00%                           |
|         | Office Furniture and Equipment  |                            |                           |                  |                        | 57,088                                    | 4                         |                                 |
|         | Total                           |                            |                           |                  |                        |                                           | 487,558                   |                                 |
| 391358  | Computer Equipment              | 11,892,477                 | 9,696,975                 | 5                | 2,378,495              |                                           |                           | 20.00%                          |
|         | Computer Equipment              |                            |                           |                  |                        | (684,431)                                 | 4                         |                                 |
|         | Total                           |                            |                           |                  |                        |                                           | 1,694,064                 |                                 |
| 391359  | PC, Laptop, Toughbook Equipment | 2,400,003                  | 1,290,929                 | 4                | 600,001                |                                           |                           | 25.00%                          |
|         | PC, Laptop, Toughbook Equipment |                            |                           |                  |                        | 6,509                                     |                           |                                 |
|         | Total                           |                            |                           |                  |                        |                                           | 606,510                   |                                 |
| 391360  | Network/Server Hardware         | 2,497,346                  | 331,579                   | 6                | 416,224                |                                           |                           | 16.67%                          |
|         | Network/Server Hardware         |                            |                           |                  |                        | 38,986                                    |                           |                                 |
|         | Total                           |                            |                           |                  |                        |                                           | 455,210                   |                                 |

**SOUTH JERSEY GAS**  
**COMPUTATION OF DEPRECIATION ACCRUALS AND RATE - GENERAL PLANT AMORTIZED ACCOUNTS**  
**AT DECEMBER 31, 2024**

| General Plant                     |                                     | Plant<br>Balance<br>12/31/2024 | Book<br>Reserve<br>12/31/2024 | Theoretical<br>Reserve<br>12/31/2024 | Reserve<br>(Deficit)/Surplus | Reserve<br>Recovery<br>Period (Yrs.) | Amortize<br>Reserve<br>Deficit/(Surplus) | Assets to Retire<br>Greater Than<br>ASL |
|-----------------------------------|-------------------------------------|--------------------------------|-------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|
| Account                           | Description                         |                                |                               |                                      |                              |                                      |                                          |                                         |
| 391361                            | PC, Laptop, Non Enterprise Software | 4,328,861                      | 1,664,222                     | 4                                    | 1,082,215                    |                                      |                                          | 25.00%                                  |
|                                   | PC, Laptop, Non Enterprise Software |                                |                               |                                      |                              | 88,217                               |                                          |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | 1,170,432                                |                                         |
| 391362                            | Network/Server Software             | 1,104,274                      | 157,608                       | 6                                    | 184,046                      |                                      |                                          | 16.67%                                  |
|                                   | Network/Server Software             |                                |                               |                                      |                              | 80,265                               |                                          |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | 264,311                                  |                                         |
| 391373                            | Major Software Systems Upgrades     | 7,426,689                      | 1,699,670                     | 5                                    | 1,485,338                    |                                      |                                          | 20.00%                                  |
|                                   | Major Software Systems Upgrades     |                                |                               |                                      |                              | (58,857)                             |                                          |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | 1,426,481                                |                                         |
| 393                               | Stores Equipment                    | -                              | 784                           | 25                                   | -                            |                                      |                                          | 4.00%                                   |
|                                   | Stores Equipment                    |                                |                               |                                      |                              | (261)                                |                                          |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | (261)                                    | 3                                       |
| 394X                              | Tools, Shop and Garage Equipment    | 5,061,095                      | 2,361,633                     | 15                                   | 337,406                      |                                      |                                          | 6.67%                                   |
|                                   | Tools, Shop and Garage Equipment    |                                |                               |                                      |                              | (35,338)                             | 4                                        |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | 302,069                                  |                                         |
| 395                               | Laboratory Equipment                | -                              | -                             | 20                                   | -                            |                                      |                                          | 5.00%                                   |
|                                   | Laboratory Equipment                |                                |                               |                                      |                              | 0                                    |                                          | *                                       |
|                                   | Total                               |                                |                               |                                      |                              |                                      | -                                        |                                         |
| 397050                            | Communication Equipment             | 1,531,838                      | 433,500                       | 15                                   | 102,123                      |                                      |                                          | 6.67%                                   |
|                                   | Communication Equipment             |                                |                               |                                      |                              | (26,199)                             |                                          |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | 75,924                                   |                                         |
| 398X                              | Miscellaneous Equipment             | 712,820                        | 52,907                        | 20                                   | 35,641                       |                                      |                                          | 5.00%                                   |
|                                   | Miscellaneous Equipment             |                                |                               |                                      |                              | 2,820                                |                                          |                                         |
|                                   | Total                               |                                |                               |                                      |                              |                                      | 38,461                                   |                                         |
| Total General Amortized After Ret |                                     | <u>45,564,805</u>              | <u>20,854,649</u>             |                                      | <u>7,051,959</u>             | <u>(531,201)</u>                     | <u>6,520,758</u>                         |                                         |
| AR 15 Retirements                 |                                     | 974,046                        | 974,046                       |                                      |                              |                                      |                                          |                                         |

\*Accounts with no balance as of study date

Note 1= Total Amortization is the annual amortization amount plus the fixed 3 year amount for the reserve true-up (deficit/surplus).

Note 2=Annual Amortization % is the annual amortization rate to be applied (1/ASL).

Note 3= Account is fully depreciated. Amortization amount is for reserve surplus. Future additions will have an amortization rate applied (1/ASL or 1/25=4.00%).

Note 4 = Amount is a combined amount of other related accounts with reserve differences and is a net amount.

## **APPENDIX B - Comparison of Approved and Proposed Rates**

**SOUTH JERSEY GAS COMPANY**  
**COMPARISON OF APPROVED AND PROPOSED ACCRUAL RATES**  
**AS OF DECEMBER 31, 2024**

Appendix B  
Page 1 of 2

| Account and Description<br>(1)    |                                       | Original                        | Approved               |                                     | Current Study          |                                      | Difference<br>(7)= (6) - (4) |
|-----------------------------------|---------------------------------------|---------------------------------|------------------------|-------------------------------------|------------------------|--------------------------------------|------------------------------|
|                                   |                                       | Plant Cost<br>12/31/2024<br>(2) | Accrual<br>Rate<br>(3) | Accrual<br>Amount<br>(4)= (2) x (3) | Accrual<br>Rate<br>(5) | Accrual<br>Amount<br>(6) = (2) x (5) |                              |
| Liquefied Natural Gas Plant       |                                       |                                 |                        |                                     |                        |                                      |                              |
| 361                               | Structures and Improvements           | \$ 4,255,654                    | 2.28%                  | \$ 97,029                           | 1.94%                  | \$ 82,560                            | \$ (14,469)                  |
| 362                               | Gas Holders                           | 4,230,429                       | 1.12%                  | 47,381                              | 1.12%                  | 47,381                               | -                            |
| 363                               | Purification Equipment                | 55,443,548                      | 2.62%                  | 1,452,621                           | 2.59%                  | 1,435,988                            | (16,633)                     |
| Total Liquefied Natural Gas Plant |                                       | 63,929,631                      | 2.50%                  | 1,597,031                           | 2.45%                  | 1,565,928                            | (31,102)                     |
| Transmission Plant                |                                       |                                 |                        |                                     |                        |                                      |                              |
| 366                               | Structures and Improvements           | 3,411,516                       | 2.00%                  | 68,230                              | 3.51%                  | 119,744                              | 51,514                       |
| 367                               | Mains                                 | 314,719,753                     | 1.13%                  | 3,556,333                           | 1.18%                  | 3,713,693                            | 157,360                      |
| 368                               | Compressor Station Equipment          | 93,918,632                      | 2.91%                  | 2,733,032                           | 2.89%                  | 2,714,248                            | (18,784)                     |
| 369                               | Measuring and Regulating Equipment    | 71,046,732                      | 1.69%                  | 1,200,690                           | 1.99%                  | 1,413,830                            | 213,140                      |
| 370                               | Communication Equipment               | 368,715                         | 6.78%                  | 24,999                              | 7.30%                  | 26,916                               | 1,917                        |
| 371                               | Other Equipment                       | 256,704                         | 1.41%                  | 3,620                               | 5.47%                  | 14,042                               | 10,422                       |
| Total Transmission Plant          |                                       | 483,722,052                     | 1.57%                  | 7,586,904                           | 1.65%                  | 8,002,474                            | 415,570                      |
| Distribution Plant                |                                       |                                 |                        |                                     |                        |                                      |                              |
| 375                               | Structures and Improvements           | 27,495,602                      | 3.55%                  | 976,094                             | 3.68%                  | 1,011,838                            | 35,744                       |
| 375.100                           | CNG Stations                          | 14,547,301                      | 4.15%                  | 603,713                             | 3.84%                  | 558,616                              | (45,097)                     |
| 376                               | Mains                                 | 1,736,880,840                   | 1.50%                  | 26,053,213                          | 1.53%                  | 26,574,277                           | 521,064                      |
| 378                               | M&R Station Equipment - General       | 6,289,701                       | 2.92%                  | 183,659                             | 2.66%                  | 167,306                              | (16,353)                     |
| 379                               | M&R Station Equipment - City Gate     | 7,280,731                       | 1.95%                  | 141,974                             | 1.98%                  | 144,158                              | 2,184                        |
| 380                               | Services                              | 1,120,380,643                   | 2.26%                  | 25,320,603                          | 2.30%                  | 25,768,755                           | 448,152                      |
| 381                               | Meters                                | 114,674,896                     | 4.64%                  | 5,320,915                           | 5.66%                  | 6,490,599                            | 1,169,684                    |
| 382                               | Meter Installations                   | 94,663,328                      | 3.26%                  | 3,086,024                           | 2.41%                  | 2,281,386                            | (804,638)                    |
| 383-384 C                         | House Regulators & Installation       | 117,394,871                     | 2.23%                  | 2,617,906                           | 2.21%                  | 2,594,427                            | (23,479)                     |
| 385                               | Industrial M&R Equipment              | 15,856,119                      | 2.39%                  | 378,961                             | 1.89%                  | 299,681                              | (79,281)                     |
| 387                               | Other Equipment                       | 155,583                         | 3.88%                  | 6,037                               | 4.38%                  | 6,815                                | 778                          |
| Total Distribution Plant          |                                       | 3,255,619,615                   | 1.99%                  | 64,689,099                          | 2.02%                  | 65,897,858                           | 1,208,759                    |
| General Plant Depreciated         |                                       |                                 |                        |                                     |                        |                                      |                              |
| 390                               | Structures and Improvements           | 84,971,403                      | 2.08%                  | 1,767,405                           | 2.09%                  | 1,775,902                            | 8,497                        |
| 391.356                           | Major Software Systems Implementation | 139,431,055                     | 16.06%                 | 22,392,627                          | 12.09%                 | 16,857,215                           | (5,535,413)                  |

**SOUTH JERSEY GAS COMPANY**  
**COMPARISON OF APPROVED AND PROPOSED ACCRUAL RATES**  
**AS OF DECEMBER 31, 2024**

Appendix B  
Page 2 of 2

| Account and Description<br>(1)                                         | Original<br>Plant Cost<br>12/31/2024<br>(2) | Approved               |                                     | Current Study          |                                      | Difference<br>(7)= (6) - (4) |
|------------------------------------------------------------------------|---------------------------------------------|------------------------|-------------------------------------|------------------------|--------------------------------------|------------------------------|
|                                                                        |                                             | Accrual<br>Rate<br>(3) | Accrual<br>Amount<br>(4)= (2) x (3) | Accrual<br>Rate<br>(5) | Accrual<br>Amount<br>(6) = (2) x (5) |                              |
| 392 Transportation Equipment                                           | 29,540,585                                  | 12.99%                 | 3,837,322                           | 8.29%                  | 2,448,914                            | (1,388,407)                  |
| 396 Power Operated Equipment                                           | 1,987,274                                   | 12.22%                 | 242,845                             | 8.56%                  | 170,111                              | (72,734)                     |
| <b>Total General Depreciated</b>                                       | <b>255,930,317</b>                          | <b>11.03%</b>          | <b>28,240,199</b>                   | <b>8.30%</b>           | <b>21,252,142</b>                    | <b>(6,988,057)</b>           |
| <b>General Plant Amortized Consolidated - After AR 15 Retirements</b>  |                                             |                        |                                     |                        |                                      |                              |
| 391X Office Furniture and Equipment                                    | 8,609,403                                   | 5.00%                  | 430,470                             | 5.00%                  | 487,558                              | 1 57,088                     |
| 391358 Computer Equipment                                              | 11,892,477                                  | 20.00%                 | 2,378,495                           | 20.00%                 | 1,694,064                            | 1 (684,431)                  |
| 391359 PC, Laptop, Toughbook Equipment                                 | 2,400,003                                   | 25.00%                 | 600,001                             | 25.00%                 | 606,510                              | 1 6,509                      |
| 391360 Network/Server Hardware                                         | 2,497,346                                   | 16.67%                 | 416,308                             | 16.67%                 | 455,210                              | 1 38,902                     |
| 391361 PC, Laptop, Non Enterprise Software                             | 4,328,861                                   | 25.00%                 | 1,082,215                           | 25.00%                 | 1,170,432                            | 1 88,217                     |
| 391362 Network/Server Software                                         | 1,104,274                                   | 16.67%                 | 184,083                             | 16.67%                 | 264,311                              | 1 80,228                     |
| 391373 Major Software Systems Upgrades                                 | 7,426,689                                   | 20.00%                 | 1,485,338                           | 20.00%                 | 1,426,481                            | 1 (58,857)                   |
| 393 Stores Equipment                                                   | 0                                           | 4.00%                  | 0                                   | 4.00%                  | (261)                                | 2 (261)                      |
| 394X Tools, Shop and Garage Equipment                                  | 5,061,095                                   | 6.67%                  | 337,575                             | 6.67%                  | 302,069                              | 1 (35,506)                   |
| 395 Laboratory Equipment                                               | 0                                           | 5.00%                  | 0                                   | 5.00%                  | -                                    | * -                          |
| 397050 Communication Equipment                                         | 1,531,838                                   | 6.67%                  | 102,174                             | 6.67%                  | 75,924                               | 1 (26,250)                   |
| 398X Miscellaneous Equipment                                           | 712,820                                     | 5.00%                  | 35,641                              | 5.00%                  | 38,461                               | 1 2,820                      |
| <b>Subtotal General Amortized</b>                                      | <b>45,564,805</b>                           | <b>15.48%</b>          | <b>7,052,299</b>                    | <b>14.31%</b>          | <b>6,520,758</b>                     | <b>(531,541)</b>             |
| <b>Total Depreciable and Amortized Composite Accrual and Life Rate</b> | <b>4,104,766,421</b>                        | <b>2.66%</b>           | <b>109,165,532</b>                  | <b>2.52%</b>           | <b>103,239,160</b>                   | <b>(5,926,372)</b>           |
| <b>Five Year Average Annual Net Salvage Amount</b>                     |                                             |                        | <b>7,290,342</b>                    |                        | <b>5,472,514</b>                     | <b>(1,817,828)</b>           |
| <b>Total Study Composite Accrual and Rate with Net Salvage</b>         | <b>\$ 4,104,766,421</b>                     | <b>2.84%</b>           | <b>\$ 116,455,874</b>               | <b>2.65%</b>           | <b>\$ 108,711,674</b>                | <b>\$ (7,744,200)</b>        |

Note 1= Total Amortization is the annual amortization amount plus the fixed 3 year amount for the reserve true-up (deficit/surplus).

Note 2= Account is fully depreciated. Amortization amount is for reserve surplus. Future additions will have an amortization rate applied (1/ASL or 1/25=4.00%).

\*Account with no balance as of study date but rate to be applied to future additions of plant.

**NEW PROJECT**

South Harrison Hydrogen

309 Production Gas Equipment

4.76%



## **APPENDIX C - Comparison of Parameters**

## Appendix C

Page 1 of 2

**SOUTH JERSEY GAS COMPANY**  
**COMPARISON OF EXISTING TO PROPOSED DEPRECIATION LIFE PARAMETERS**  
**AS OF DECEMBER 31, 2024**

| Account                            | Description                                             | Approved GR-22040253 |       |             | Proposed |       |             |
|------------------------------------|---------------------------------------------------------|----------------------|-------|-------------|----------|-------|-------------|
|                                    |                                                         | Life                 | Curve | Net Salvage | Life     | Curve | Net Salvage |
| <b>Liquefied Natural Gas Plant</b> |                                                         |                      |       |             |          |       |             |
|                                    | 361 Structures and Improvements                         | 46                   | R2.5  | 0%          | 50       | R2.5  | 0%          |
|                                    | 362 Gas Holders                                         | 75                   | S5    | 0%          | 75       | S5    | 0%          |
|                                    | 363 Purification Equipment All (363 Accounts-3631-3635) | 35                   | R2.5  | 0%          | 35       | R2.5  | 0%          |
| <b>Transmission Plant</b>          |                                                         |                      |       |             |          |       |             |
|                                    | 366 Structures and Improvements                         | 49                   | S2    | 0%          | 33       | S2    | 0%          |
|                                    | 367 Mains                                               | 78                   | R5    | 0%          | 78       | R5    | 0%          |
|                                    | 368 Compressor Equipment                                | 35                   | R4    | 0%          | 35       | R4    | 0%          |
|                                    | 369 Measuring and Regulating Equipment                  | 47                   | R2.5  | 0%          | 47       | R2.5  | 0%          |
|                                    | 370 Communication Equipment                             | 15                   | S3    | 0%          | 15       | S3    | 0%          |
|                                    | 371 Other Equipment                                     | 38                   | S6    | 0%          | 20       | S6    | 0%          |
| <b>Distribution Plant</b>          |                                                         |                      |       |             |          |       |             |
|                                    | 375 Structures and Improvements                         | 30                   | S6    | 0%          | 30       | S6    | 0%          |
|                                    | 375.100 CNG Stations                                    | 25                   | R1    | 0%          | 25       | R1    | 0%          |
|                                    | 376 Mains                                               | 68                   | R4    | 0%          | 68       | R4    | 0%          |
|                                    | 378 M&R Station Equipment - General                     | 42                   | R5    | 0%          | 42       | R5    | 0%          |
|                                    | 379 M&R Station Equipment - City Gate                   | 50                   | R4    | 0%          | 50       | R4    | 0%          |
|                                    | 380 Services                                            | 45                   | S1    | 0%          | 45       | S1    | 0%          |
|                                    | 381 Meters                                              | 25                   | R2    | 0%          | 22       | R1    | 0%          |
|                                    | 382 Meter Installations                                 | 33                   | R1    | 0%          | 45       | S1    | 0%          |
|                                    | 383 House Regulators                                    | 46                   | S5    | 0%          | 45       | S1    | 0%          |
|                                    | 384 House Regulator Installations                       | 45                   | R4    | 0%          | 45       | S1    | 0%          |
|                                    | 385 Industrial M&R Equipment                            | 43                   | R4    | 0%          | 43       | R4    | 0%          |
|                                    | 387 Other Equipment                                     | 52                   | R5    | 0%          | 52       | R5    | 0%          |

## Appendix C

Page 2 of 2

**SOUTH JERSEY GAS COMPANY**  
**COMPARISON OF EXISTING TO PROPOSED DEPRECIATION LIFE PARAMETERS**  
**AS OF DECEMBER 31, 2024**

| Account       | Description                                   | Approved GR-22040253 |       | Proposed    |      |       |             |
|---------------|-----------------------------------------------|----------------------|-------|-------------|------|-------|-------------|
|               |                                               | Life                 | Curve | Net Salvage | Life | Curve | Net Salvage |
| General Plant |                                               |                      |       |             |      |       |             |
|               | 390 Structures and Improvements               | 50                   | S4    | 0%          | 50   | S4    | 0%          |
|               | 391X Office Furniture and Equipment           | 20                   | SQ    | 0%          | 20   | SQ    | 0%          |
|               | 391.356 Major Software Systems Implementation | 10                   | SQ    | 0%          | 10   | SQ    | 0%          |
|               | 391.358 Computer Equipment                    | 5                    | SQ    | 0%          | 5    | SQ    | 0%          |
|               | 391.359 PC, Laptop, Toughbook Equipment       | 4                    | SQ    | 0%          | 4    | SQ    | 0%          |
|               | 391.360 Network/Server Hardware               | 6                    | SQ    | 0%          | 6    | SQ    | 0%          |
|               | 391.361 PC, Laptop, Non Enterprise Software   | 4                    | SQ    | 0%          | 4    | SQ    | 0%          |
|               | 391.362 Network/Server Software               | 6                    | SQ    | 0%          | 6    | SQ    | 0%          |
|               | 391.373 Major Software Systems Upgrades       |                      |       |             | 5    | SQ    | 0%          |
|               | 392 Transportation Equipment                  | 11                   | L3    | 0%          | 12   | L3    | 0%          |
|               | 393 Stores Equipment                          | 25                   | SQ    | 0%          | 25   | SQ    | 0%          |
|               | 394X Tools, Shop and Garage Equipment         | 15                   | SQ    | 0%          | 15   | SQ    | 0%          |
|               | 395 Laboratory Equipment                      | 20                   | SQ    | 0%          | 20   | SQ    | 0%          |
|               | 396 Power Operated Equipment                  | 13                   | L3    | 0%          | 14   | L2.5  | 0%          |
|               | 397.050 Communication Equipment               | 15                   | SQ    | 0%          | 15   | SQ    | 0%          |
|               | 398X Miscellaneous Equipment                  | 20                   | SQ    | 0%          | 20   | SQ    | 0%          |
| New Project   |                                               |                      |       |             |      |       |             |
|               | 309 South Harrison Hydrogen                   |                      |       |             | 21   | SQ    | 0%          |

## **APPENDIX D - Net Salvage**

**Appendix D**  
**Page 1 of 1**

**South Jersey Gas Company**  
**Cost of Removal and Salvage**  
**Depreciation Study as of December 31, 2024**

| <b>Date</b>                   | <b>Account 108103<br/>Actual Cost of Removal</b> | <b>Account 108104<br/>Actual Salvage</b> |
|-------------------------------|--------------------------------------------------|------------------------------------------|
| 1/1/2020-12/31/2020           | \$ 8,432,527                                     | \$ (251,294)                             |
| 1/1/2021-12/31/2021           | 7,196,673                                        | (389,191)                                |
| 1/1/2022-12/31/2022           | 3,645,999                                        | (520,412)                                |
| 1/1/2023-12/31/2023           | 5,579,853                                        | (905,817)                                |
| 1/1/2024-12/31/2024           | 5,080,271                                        | (506,040)                                |
| <b>TOTALS</b>                 | <b>29,935,324</b>                                | <b>(2,572,754)</b>                       |
| Total Net Salvage 2020 - 2024 | 27,362,570                                       |                                          |
| Average over 5 Years          | \$ 5,472,514                                     |                                          |

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**DANIEL P. YARDLEY**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-9**

**November 25, 2025**

## **TABLE OF CONTENTS**

|             |                                                        |          |
|-------------|--------------------------------------------------------|----------|
| <b>I.</b>   | <b>INTRODUCTION.....</b>                               | <b>1</b> |
| <b>II.</b>  | <b>RATE DESIGN POLICY BACKGROUND .....</b>             | <b>4</b> |
| <b>III.</b> | <b>SOUTH JERSEY GAS DISTRIBUTION RATE DESIGN .....</b> | <b>7</b> |

**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
DANIEL P. YARDLEY**

1   **I.    INTRODUCTION**

2   **Q.    PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.**

3   **A.**My name is Daniel P. Yardley. I am Principal, Yardley Associates and my business address  
4           is 2409 Providence Hills Drive, Matthews, North Carolina 28105.

5   **Q.    ON WHOSE BEHALF ARE YOU TESTIFYING?**

6   **A.**I am testifying on behalf South Jersey Gas Company (“South Jersey Gas” or the  
7           “Company”).

8   **Q.    PLEASE SUMMARIZE YOUR PROFESSIONAL AND EDUCATIONAL**  
9       **BACKGROUND.**

10   **A.**I have been employed as a consultant to the natural gas industry for 35 years. During this  
11           period, I have directed or participated in numerous consulting assignments on behalf of  
12           local distribution companies (“LDCs”). A number of these assignments involved the  
13           development of gas distribution company cost allocation, pricing, service unbundling,  
14           revenue decoupling and other tariff analyses. In addition to this work, I have performed  
15           interstate pipeline cost of service and rate design analyses, gas supply planning analyses,  
16           and financial evaluation analyses. I received a Bachelor of Science Degree in Electrical  
17           Engineering from the Massachusetts Institute of Technology in 1988.

18   **Q.    HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW JERSEY BOARD**  
19       **OF PUBLIC UTILITIES AND OTHER REGULATORY BODIES?**

20   **A.**Yes. I have testified before the New Jersey Board of Public Utilities (the “BPU”) on  
21           various ratemaking and regulatory matters including rate unbundling, cost allocation,  
22           service design, rate design, revenue decoupling, cost recovery mechanisms and tariff  
23           design. My testimony in various proceedings has been presented on behalf of South Jersey



1 Gas, Elizabethtown Gas Company, and New Jersey Natural Gas Company, including  
2 testimony on behalf of South Jersey Gas in previous base rate proceedings. I have also  
3 testified in proceedings before several other state utility regulatory commissions, the  
4 Federal Energy Regulatory Commission, and the Canada Energy Regulator on a variety of  
5 rate and regulatory topics.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 **A.** I have been asked by South Jersey Gas to evaluate the manner in which it recovers its base  
8 distribution revenue requirements from customers and to propose changes that are  
9 consistent with the nature of the services it provides, as well as important rate design  
10 objectives. In this regard, my testimony addresses two topics. First, I will review important  
11 public policy and industry developments that are guiding significant changes in the way  
12 regulatory agencies and LDCs are approaching rate design matters. Second, I will support  
13 the derivation of specific rates and charges for distribution services that fairly apportion  
14 the Company's revenue requirement among customer classes. The new charges take into  
15 consideration appropriate rate design goals and the results of an allocated cost of service  
16 study ("ACOSS") performed in a consistent manner with other elements of the Company's  
17 filing.

18 **Q. PLEASE SUMMARIZE YOUR FINDINGS.**

19 **A.** The four principal conclusions of my testimony are as follows:

- 20 (1) **South Jersey Gas' Conservation Incentive Program ("CIP") provides an**  
21 **appropriate foundation for the Company's rate structure.** The CIP aligns the  
22 financial interests of South Jersey Gas and its customers with respect to energy  
23 consumption by adjusting margin recoveries for changes in customer use. This rate  
24 mechanism promotes important rate design goals and recognizes the important role

of utilities in promoting the most efficient use of energy by customers. As such, South Jersey Gas' rate design, which incorporates the CIP, contributes to longer-term consumer and environmental benefits.

(2) **Existing monthly fixed customer charges for the majority of the Company's customers are substantially below cost-based levels:** The customer charges for residential customers are less than 20% of corresponding customer-related costs. Similarly, customer charges for general service customers are only 40% of customer-related costs. The below-cost customer charges result in intra-class subsidies as substantial customer-related costs are recovered through volumetric charges applied to customer use. This shifts a disproportionate share of customer-related costs to larger customers within a class.

(3) **The cost of distribution service provided to South Jersey Gas' residential customers remains subsidized by prices paid by commercial and industrial customers:** The results of the ACROSS demonstrate that the Company is currently providing service to residential customers at below-average returns. The below-average returns for the residential class are the primary driver of the Company's need to increase its distribution prices because the residential class is by far the largest class on the system, representing 93% of customers and 54% of firm throughput. Further, within the residential class, non-heating customers receive the greatest level of subsidy.

(4) **The Company's proposed rates recover the proposed revenue requirements in an appropriate manner:** The Company's rate design proposal reflects an equalized percentage increase in rates to all rate classes, which mitigates the

increase that would otherwise be applied to the rates for residential customers. At the same time, increases to monthly fixed charges contribute to greater fairness among customers taking service under the same rate schedule.

**Q. ARE YOU SUPPORTING ANY SCHEDULES THAT ACCOMPANY YOUR TESTIMONY?**

**A.** Yes. I am sponsoring the following five schedules, which were prepared by me or under my direction and supervision, and which I discuss in greater detail later in my testimony:

Schedule DPY-1: Allocated Cost of Service Study;

Schedule DPY-2: Allocation of Proposed Revenue Adjustments to Customer Classes;

Schedule DPY-3: Summary of Existing and Proposed Rates and Revenues;

Schedule DPY-4: Pro Forma Revenue Adjustment Attributable to Updating CIP Tariff Factors; and

Schedule DPY-5: Derivation of Updated CIP Baseline Use per Customer Factors.

## **II. RATE DESIGN POLICY BACKGROUND**

**Q. WHAT RELATIONSHIP EXISTS BETWEEN A UTILITY'S RATE DESIGN AND ENERGY POLICY OBJECTIVES?**

**A.** From a public policy perspective, rate design is a critically important tool for achieving specific energy policy goals that influence the quality of life for New Jersey's citizens and the State's competitive position. Policy goals affected by rate design include end-use fuel mix, energy efficiency and the resulting environmental and cost impacts of energy consumption. Therefore, the form of a utility's rate structure is an important building block that can contribute to achieving important energy policy goals.

1           The nexus between rate design and energy policy objectives continues to receive  
2           attention throughout the U.S., due in large part to the prevalence of throughput-based rate  
3           designs. Throughput-based rate designs recover a substantial portion of LDCs' fixed-cost  
4           revenue requirements through volumetric charges applied to the amount of natural gas  
5           consumed by customers. The inherent operating incentives under this form of rate structure  
6           are for the LDC to add new customers and to promote increased consumption by its existing  
7           customers. The incentive to increase consumption by current customers is at odds with  
8           other public policy goals that favor energy conservation and reductions in customer energy  
9           bills. These policy goals are being pursued through programs run by LDCs such as South  
10          Jersey Gas that promote increased energy efficiency to their customers. Better-aligning  
11          the form of rate design with these goals enables LDCs to fully embrace the energy  
12          efficiency imperative while also meeting financial responsibilities to shareholders,  
13          regulators and customers alike.

14   **Q.   HOW WOULD YOU CHARACTERIZE SOUTH JERSEY GAS' EXISTING RATE**  
15   **DESIGN?**

16   **A.**   Base rates are intended to recover a utility's cost of service, excluding purchased gas and  
17          other tracked costs. The costs recovered through base rates are fixed costs. The  
18          Company's rate design reflects a throughput-based approach. A throughput-based rate  
19          design recovers a substantial portion of an LDC's fixed-cost revenue requirements through  
20          volumetric charges applied to the amount of natural gas consumed by customers. While  
21          the rates for customers include a combination of fixed monthly charges and throughput-  
22          based or variable charges, base revenues from variable charges account for over 80% of  
23          the Company's total base revenue recoveries. This indicates a significant dichotomy

1 between the manner in which South Jersey Gas incurs costs and how costs are recovered  
2 from customers.

3 **Q. DOES THE CIP REPRESENT A RATE DESIGN APPROACH THAT ADDRESSES**  
4 **THIS DICHOTOMY BETWEEN COST INCURRENCE AND COST RECOVERY?**

5 **A.** Yes. A fundamental tenet of the CIP Tariff is alignment of the financial interests of South  
6 Jersey Gas with those of its customers with respect to reductions in total energy costs to  
7 customers. In particular, the base revenue impacts of any customer savings from energy  
8 efficiency and conservation do not contribute negatively to the Company's financial  
9 performance. The CIP Tariff enables South Jersey Gas to recover fixed costs through a  
10 variable or usage-based rate structure without negative consequences. Customers continue  
11 to realize substantial savings as gas supply commodity costs are avoided altogether. The  
12 CIP and other similar programs adopted in other jurisdictions are recognized as supporting  
13 important local and national policy goals to lower energy use and reduce the associated  
14 environmental impacts.

15 Elimination of the disincentives to promoting customer conservation enables South  
16 Jersey Gas to embrace initiatives that capitalize on various channels for promoting  
17 conservation by customers. Energy efficiency and renewable energy resources are two of  
18 the building blocks to ensuring a secure energy future for New Jersey. These resources  
19 play an important role in achieving environmental policy goals of reducing carbon  
20 emissions that pose environmental risks.

21 **Q. PLEASE COMMENT ON THE RELATIONSHIP BETWEEN SOUTH JERSEY**  
22 **GAS' CIP AND THE APPROPRIATE RATE DESIGN IN THIS PROCEEDING.**

23 **A.** The CIP represents an appropriate means of separating the Company's margin revenue  
24 recoveries from customer usage. The CIP is essential to aligning the interests of South

Jersey Gas and its customers with respect to energy consumption. Removing the link between throughput and margins through the CIP allows the Company to fully support increased energy efficiency and conservation, encouraging customers to reduce their gas bills and lower the environmental impacts of their gas consumption.

Moreover, the CIP is layered over the existing rate design, which provides important flexibility in terms of the design of base rates. While increases to fixed charges are appropriate, the CIP enables the ongoing recovery of a portion of fixed costs through variable charges and is an integral component of South Jersey Gas' overall rate structure.

### **III. SOUTH JERSEY GAS DISTRIBUTION RATE DESIGN**

#### **Q. PLEASE DESCRIBE THE SPECIFIC RATE DESIGN GOALS THAT GUIDED THE DEVELOPMENT OF NEW RATES AND TARIFFS FOR SOUTH JERSEY GAS IN THIS PROCEEDING?**

**A.** The rate design approach I am recommending seeks to achieve the following six goals:

- (1) **Fairness** – Fairness is accomplished through pricing services based on the underlying cost. Fairness is important in many respects including, (i) between the Company and its customers, (ii) across rate classes served by South Jersey Gas, and (iii) among customers taking service under a common rate schedule.
- (2) **Not Discriminatory** – Avoiding undue discrimination requires rates that do not grant an unreasonable preference or subject an unreasonable disadvantage to any customer or group of customers.

(3) **Rate Moderation** – Moderation allows for the implementation of price changes over time to ensure that customers are not exposed to dramatic price changes all at once.

(4) **Revenue Stability** – Revenue stability means that the Company’s base rate revenues are more predictable in view of future uncertainties. As customer usage patterns have become less certain, improved revenue stability through rate design takes on greater importance as a way of mitigating the increased risks to customers and the Company associated with such unpredictable consumption patterns.

(5) **Energy Efficiency** – Reducing energy consumption through energy efficiency and conservation supports policy objectives that benefit customers and the environment.

(6) **Simplicity** – Simplicity means a rate structure that is easy for customers to understand and straightforward to administer.

**Q. PLEASE DESCRIBE THE COMPANY’S EXISTING RATE SCHEDULES.**

**A.** South Jersey Gas’ existing rate schedules are segregated by sector, nature of service (firm or interruptible) and by customer size. Firm service is primarily provided under one Residential Service (“RSG”) and two size-based general service rate schedules. General service customers with less than 100,000 annual therms are served under the General Service (“GSG”) rate schedule and larger customers are served under the General Service – Large Volume (“G0SG-LV”) rate schedule.

Firm service is also provided to any commercial or industrial electric generating customer including distributed generation and combined heat and power loads pursuant to the Electric Generation Service (“EGS”) rate schedule for customers below 200 Mcf per

Day or the Electric Generation Service – Large Volume (“EGS-LV”) rate schedule for larger customers. A limited number of large customers take firm service under either the Comprehensive Transportation Service (“CTS”) or the Large Volume Service (“LVS”) rate schedules. CTS requires a minimum contract demand of 100 Mcf/day and LVS requires a minimum contract demand of 200 Mcf/day. The Company also provides firm service to customers using natural gas as a motor vehicle fuel pursuant to its Natural Gas Vehicle (“NGV”) rate schedule.

Interruptible customers are either served under the Interruptible Gas Service (“IGS”) or Interruptible Transportation Service (“ITS”) rate schedules. Lastly, gas lighting service is provided pursuant to the Yard Lighting Service (“YLS”) and Street Lighting Service (“SLS”) rate schedules.

**Q. WHAT RATES AND CHARGES ARE INCORPORATED INTO THE RSG AND GSG RATE SCHEDULES?**

**A.** The existing rate design for these customers is similar and includes two types of base rate charges that are intended to recover South Jersey Gas’ non-gas revenue requirements. The RSG base rates consist of a \$9.85 customer charge and a flat distribution or throughput charge that is \$0.897170 per therm.<sup>1</sup> Customer charges are applied per customer per month and distribution charges are applied to each customer’s monthly therm usage. Under this rate structure, all residential customers pay a minimum amount to South Jersey Gas equal to the customer charge, regardless of their monthly usage. The rate design also results in customers paying higher amounts as their consumption increases due to the per-therm distribution charge. The distribution charge is considered a variable charge because all of

---

<sup>1</sup> All prices noted in this testimony and supporting schedules exclude the New Jersey Sales and Use Tax.



the associated revenues are linked to customer usage or throughput. The existing rate design for GSG customers is similar to that for residential customers. The monthly customer charge for GSG customers is \$37.98 and the distribution charge is \$0.723187 per therm.

**Q. DO THE REMAINING RATE SCHEDULES EMPLOY THE SAME TYPE OF RATE DESIGN?**

**A.** The rate structures for larger commercial and industrial customers taking service under South Jersey Gas' other rate schedules employ a fixed monthly demand charge in addition to monthly customer and distribution charges. The demand charge is an important means of recovering fixed peak-related costs from customers in an equitable manner.

**Q. ARE THERE SEPARATE CHARGES FOR GAS SUPPLY?**

**A.** Yes. Sales customers that purchase their gas supply from South Jersey Gas pay a volumetric Basic Gas Supply Service ("BGSS") rate for gas supply. The BGSS rate recovers the costs of purchased gas and upstream pipeline capacity and storage resources necessary to ensure firm delivery to customers throughout the year, and is adjusted periodically to track changes in the delivered cost of gas supply. The BGSS rate for residential customers may be adjusted three or more times per year and for non-residential customers with greater than 5,000 annual therms is adjusted monthly.

Many customers are transportation-only customers, and pay South Jersey Gas to deliver gas supply that they have purchased from various Third Party Suppliers ("TPSs") that may offer competitive pricing or other terms. The gas supply price for a firm transportation customer is negotiated in a competitive marketplace between the customer and the TPS. Transportation customers also have the option of returning to sales service at any point in the future, subject to certain notice requirements.

1 **Q. DID YOU PERFORM A TRADITIONAL ACOSS TO SUPPORT YOUR RATE**  
2 **DESIGN RECOMMENDATIONS?**

3 **A.** Yes. I believe that an ACOSS provides an important means of assessing the reasonableness  
4 of existing prices, and guides the development of price changes. In particular, the ACOSS  
5 that I performed for South Jersey Gas examines all of the Company's common costs  
6 reflected in its base rate petition, and through appropriate cost assignments and allocations,  
7 establishes measures of investments, expenses and income by customer class. The ACOSS  
8 is an important tool because many of the Company's costs are common and are incurred to  
9 serve many classes of customers collectively.

10 The ACOSS calculates the total investment and operating costs incurred to serve  
11 each customer class, thereby establishing class-specific total revenue requirements. The  
12 class-specific revenue requirements are compared to class revenues in order to establish  
13 class income and rate of return on investment. The class-specific rates of return are one  
14 factor to consider in the apportionment of the revenue requirements among all of South  
15 Jersey Gas' customer classes in conjunction with the development of proposed rates. The  
16 ACOSS also determines the classification of costs among demand, customer and  
17 commodity components. The classification of costs within a rate classification is used to  
18 guide the development of the form of billing rates for that class. Although the ACOSS is  
19 not the only factor relied upon to design rates, it is an invaluable guide to ensuring that the  
20 process is fair and reasonable. A full description of the South Jersey Gas ACOSS and  
21 detailed results are presented in Schedule DPY-1.

22 **Q. WHAT PRINCIPLES GUIDE THE DEVELOPMENT OF AN ACOSS?**

23 **A.** The primary principle that guides the ACOSS process is that of cost causation. Each step  
24 in the development of the ACOSS is consistent with the factors that drive or contribute to

1 the incurrence of costs on the South Jersey Gas system. For example, the principle of cost  
2 causation requires that the costs incurred by the Company for investment in meters be  
3 apportioned to classes on the basis of the number of customers in each class multiplied by  
4 the corresponding average unit cost per meter for the class. The most significant design  
5 criteria associated with the South Jersey Gas ACOSS are the specification of the general  
6 demand allocator used to allocate demand-related costs among classes and the  
7 classification of distribution mains costs between demand and customer-related  
8 components.

9 **Q. WHAT DEMAND ALLOCATION FACTOR IS USED IN THE SOUTH JERSEY**  
10 **GAS ACOSS?**

11 **A.** Design day demand drives much of the investment in demand-related costs on the South  
12 Jersey Gas system due to the weather patterns in the area served by the Company. The  
13 ACOSS utilizes the coincident design day demand allocation factor to allocated demand-  
14 related costs. Under this method, the allocation of demand costs reflects the manner in  
15 which the Company designs, plans and constructs its system to satisfy firm demands. Off-  
16 peak loads do not increase the Company's demand-related investments, and therefore, are  
17 not factored into the demand allocator in a system-design COSS. Design day usage by  
18 customer class was determined based on an average daily design temperature of two  
19 degrees Fahrenheit, consistent with South Jersey Gas' distribution planning criteria. An  
20 alternative ACOSS utilizing a peak and average demand allocation of demand-related costs  
21 will be provided in my workpapers.

1 **Q. WHAT IS THE APPROPRIATE METHOD FOR CLASSIFYING THE**  
2 **COMPANY'S INVESTMENT IN DISTRIBUTION MAINS?**

3 **A.** South Jersey Gas' investment in distribution mains is the single largest plant investment,  
4 representing over 40 percent of gross plant investment. The classification of distribution  
5 mains should reflect the two distinct cost-causative factors that drive the Company's  
6 investments in these facilities. The first factor is the coincident design demand on the  
7 system. Distribution mains are designed to deliver the maximum quantities that are  
8 required during a peak period in order to maintain reliable operating pressures throughout  
9 the South Jersey Gas service area. The second cost-causative factor is the number of  
10 customers on the system. Distribution mains are also designed to deliver supplies in  
11 reasonable proximity to customers in order to minimize the length of pipe used to serve all  
12 customers in an overall efficient fashion. As a result of this second factor, increases in the  
13 number of customers typically drive growth in the investment in distribution mains  
14 facilities.

15 **Q. WHAT METHOD IS USED TO CLASSIFY DISTRIBUTION MAINS BETWEEN**  
16 **THE DEMAND AND CUSTOMER CLASSIFICATIONS?**

17 **A.** The division of distribution mains investment costs between the demand and customer-  
18 related components is commonly determined through a minimum-size study or a zero-  
19 intercept study. The premise underlying either of these studies is that construction of the  
20 system using the smallest size main or a theoretical main with no carrying capacity, (i.e., a  
21 zero-inch diameter main), represents the component of mains costs associated with  
22 connecting customers to the distribution system, and that the construction of the system  
23 using larger diameter mains represents the costs associated with meeting design demand.

I performed a minimum-size study based on information pertaining to South Jersey Gas' distribution mains.

The minimum-size study evaluates the cost of replacing the existing distribution mains of the system under two different sets of assumptions. The first determines the replacement cost, assuming that the entire system is replaced with two-inch diameter plastic pipe, which is the smallest, least-expensive size and type of pipe presently being installed. The second determines the cost of replacing existing distribution mains with the same diameter and lengths of pipe as are currently installed. The customer component of distribution mains is equal to the ratio of the replacement cost using the smallest size pipe to the replacement cost using the installed sizes of pipe. Based on the results of this study, 49 percent of South Jersey Gas' distribution mains investment is classified as customer-related.

**Q. PLEASE SUMMARIZE THE RESULTS OF THE ACOSS AND HOW THESE RESULTS GUIDED THE DEVELOPMENT OF THE PROPOSED BASE RATES FOR SOUTH JERSEY GAS.**

**A.** The primary results from the ACOSS are the rate of return by class and the unit customer and demand-related costs. The results of the ACOSS indicate that the rate of return for the residential and NGV classes are less than the system-average rate of return at present rates. The rate of return for all other classes is above the system-average, to varying degrees. Table 1 provides a summary of the rate of return by class and total existing base revenues.

Table 1

**Rate of Return by Class and  
Existing Base Revenues  
(\$ million)**

|                         | <b>ACOSS Rate<br/>of Return</b> | <b>Unitized<br/>Return</b> | <b>Existing Base<br/>Revenues</b> |
|-------------------------|---------------------------------|----------------------------|-----------------------------------|
| Residential Heating     | 4.5%                            | 0.7                        | \$296.1                           |
| Residential Non-Heating | (0.3%)                          | (0.1)                      | \$3.0                             |
| GSG                     | 12.3%                           | 2.0                        | \$90.3                            |
| GSG-LV                  | 26.4%                           | 4.3                        | \$13.5                            |
| CTS                     | 18.1%                           | 2.9                        | \$10.6                            |
| LVS                     | 10.1%                           | 1.6                        | \$10.2                            |
| EGS                     | 8.4%                            | 1.4                        | \$0.5                             |
| EGS-LV                  | 0.0%                            | 0.0                        | \$0.7                             |
| NGV                     | 20.1%                           | 3.3                        | \$1.1                             |
| Overall                 | 6.1%                            | 1.0                        | \$425.9                           |

With respect to unit costs, the ACOSS indicates that the system-wide average customer cost is \$60 per month, and the cost generally varies with the size of the customer. The lowest average customer cost of \$54 per month is indicated for the residential non-heating class and the highest is \$2,185 per month for the LVS class. A comparison of existing customer costs to customer-related costs is presented in Table 2.

Table 2

**Comparison of Existing Customer Charges and  
Customer-Related Costs**

|                         | Existing<br>Customer<br>Charge | Customer-<br>Related Cost |
|-------------------------|--------------------------------|---------------------------|
| Residential Heating     | \$9.85                         | \$57.19                   |
| Residential Non-Heating | \$9.85                         | \$54.16                   |
| GSG                     | \$37.98                        | \$100.99                  |
| GSG-LV                  | \$247.60                       | \$236.09                  |
| CTS                     | \$820.63                       | \$1,717.65                |
| LVS                     | \$1,148.89                     | \$2,185.06                |
| EGS                     | \$86.28                        | \$361.59                  |
| EGS-LV                  | \$820.63                       | \$2,850.58                |
| NGV (5,000- 24,999 CFH) | \$241.97                       | \$377.36                  |

The significant variance between monthly customer-related costs and customer charges is taken into consideration when designing the intra-class rate design.

**Q. WHAT STEPS DID YOU EMPLOY TO ESTABLISH THE SPECIFIC BASE RATES YOU ARE PROPOSING?**

**A.** First, I determined the class-by-class revenue requirements, which reflect the results of the ACOSS and other rate design principles. Next, I evaluated the existing level of customer charges and proposed increases, where appropriate, to recover a greater proportion of customer-related costs through customer charges. Lastly, I established the appropriate rate structure and rate levels to recover the remaining portion of class revenue requirements.

1 **Q. HOW DID YOU DEVELOP THE CLASS-BY-CLASS REVENUE**  
2 **REQUIREMENTS?**

3 **A.** I am proposing to allocate the proposed incremental base revenue increase of \$74.7 million  
4 reflected on Exhibit P-3, Schedule CLC-1 to all rate classes in proportion to existing base  
5 revenues. The resulting base revenues by rate class for proposed rates are reflected in  
6 Schedule DPY-2, Column (D).

7 **Q. WHY IS THE LEVEL OF THE CUSTOMER CHARGE IMPORTANT?**

8 **A.** The level of the monthly fixed customer charge is important for a variety of reasons that  
9 relate to the Company's rate design goals I described earlier. First, the monthly fixed  
10 customer charge provides customers with an important price signal concerning the impact  
11 of connecting to South Jersey Gas' distribution system. Second, recovering customer-  
12 related costs through monthly fixed customer charges contributes to intra-class fairness.  
13 To the extent that a portion of customer-related costs are recovered through volumetric  
14 charges, intra-class subsidies are created as larger customers pay a disproportionate share  
15 of customer-related costs. Third, the fixed monthly customer charge provides revenue  
16 stability as fixed costs that are incurred to serve customers are recovered through a fixed  
17 charge.

18 **Q. PLEASE DESCRIBE YOUR PROPOSED CHANGES TO THE COMPANY'S**  
19 **FIXED CHARGES INCLUDING MONTHLY CUSTOMER CHARGES AS WELL**  
20 **AS ANY APPLICABLE DEMAND CHARGES.**

21 **A.** I am proposing changes to the fixed charges applicable to all rate schedules including  
22 changes to the monthly customer charges for most customers. It is desirable to recover a  
23 greater proportion of the class revenue requirement increase through the customer charge,  
24 so that individual rate elements move closer to cost-based levels. For the RSG class, the



1 proposed monthly customer charge is \$13.00 per month. The proposed increase is needed  
2 to bring the charge closer to the cost-based level indicated by the ACOSS and to address  
3 the very low rate of return for residential non-heating customers. The higher RSG monthly  
4 customer charge reduces the increases needed to volumetric charges in order to recover the  
5 class-specific revenue requirements. Even with the increase to the residential customer  
6 charge, over 80% of the target revenue requirements of the class are recovered through the  
7 volumetric charge under the proposed RSG rates.

8 I am proposing to increase the monthly customer charge for the GSG class to  
9 \$49.50, for the GSG-LV class to \$320.00, for the CTS class to \$1,025.00, for the LVS class  
10 to \$1,425.00, for the EGS class to \$105.00, for the EGS-LV class to \$1,025.00, for the  
11 NGV class for meters from 5,000 to 24,999 CFH to \$265.00. Additionally, I am proposing  
12 to reflect a portion of the revenue increase for the GSG-LV, CTS, LVS, EGS and EGS-LV  
13 classes through an increase to the applicable monthly demand charge for each of these  
14 classes. These increases to fixed monthly customer and demand charges are also supported  
15 by the results of the ACOSS and reduce the required increase to volumetric charges to yield  
16 class margin revenues.

17 **Q. PLEASE EXPLAIN THE NEXT STEP IN THE RATE DESIGN PROCESS.**

18 **A.** Once the monthly customer and demand charges are established, the next step in the rate  
19 design process is to design the remaining rate elements for each class to recover the total  
20 target revenue requirements less the revenues recovered through the customer charge. For  
21 all rate classes, I have derived appropriate volumetric distribution base rates to yield the  
22 target revenue requirements assigned to each class.

1 **Q. WHAT CHANGES DO YOU PROPOSE TO THE COMPANY'S ITS RATES?**

2 **A.** I am proposing to change the monthly customer charge from \$500 to \$600. I am also  
3 proposing to increase each of the distribution charges by \$0.05 per therm. The increases  
4 are appropriate given the proposed increases to firm rates in this proceeding.

5 **Q. HAVE YOU PREPARED A SUMMARY OF THE PROPOSED RATE CHANGES?**

6 **A.** Yes. The existing and proposed rates for each class are compared in Schedule DPY-3.  
7 This schedule reflects the two-step process necessary to establish class-by-class revenue  
8 requirements discussed earlier in my testimony. The last column of Schedule DPY-3  
9 provides the percentage increases in base and total revenues by class. In addition, Schedule  
10 DPY-3 also provides a proof of revenues demonstrating that the proposed charges yield  
11 the requested revenue requirements based on the Company's forecasts of sales and  
12 customers.

13 **Q. PLEASE COMMENT ON THE IMPACT OF THE PROPOSED RATE CHANGES**  
14 **ON SOUTH JERSEY GAS' RECOVERY OF ITS OVERALL BASE**  
15 **DISTRIBUTION COSTS OF PROVIDING SERVICE TO CUSTOMERS.**

16 **A.** The majority of South Jersey Gas' revenue requirements are associated with ensuring  
17 ongoing reliability of service and safety to customers and the communities the Company  
18 serves. These costs are all fixed in nature and do not increase or decrease with the level of  
19 natural gas consumed by customers. The rate design changes that I propose moderately  
20 improve the recovery of reliability and safety expenses by more closely aligning them with  
21 the manner in which these costs are incurred. In addition, the application of the revenue  
22 increase to all rate classes on an equal-percentage basis mitigates the increase to the  
23 residential class, reducing the bill impact to all residential customers. In my view, the

1 proposed rates in this proceeding result from a fair and reasonable rate design approach  
2 balancing the rate design goals described earlier in my testimony.

3 **Q. WHAT ELEMENTS OF THE CIP TARIFF ARE UPDATED IN A BASE RATE**  
4 **CASE?**

5 **A.** Aspects of the CIP tariff that interrelate with South Jersey Gas base rate revenue recoveries  
6 must be updated when new base rates are determined in a base rate case. Specifically, the  
7 Margin Revenue Factors and the monthly Baseline Usage per Customer (“BUC”) set forth  
8 in the CIP tariff must be updated in order to align these aspects of the CIP with the BPU’s  
9 approval of new rates in a base rate proceeding. In conjunction with updating the BUC,  
10 the date for determining incremental large customers set forth in Section (h)(viii) of the  
11 CIP Tariff should be changed to April 1, 2026, the first day following the end of the test  
12 year.

13 Updating the BUC levels also affects projected test period revenues. A component  
14 of test period revenues are the revenues, positive or negative, associated with the difference  
15 between the BUC and actual customer use. Any CIP revenues included in the test period  
16 are eliminated on a *pro forma* basis with the resetting of the BUC to the test period  
17 throughput level. Schedule DPY-4 provides the CIP revenues that are eliminated from the  
18 test period. In addition, Schedule DPY-5 provides the derivation of updated BUC factors  
19 to be effective upon implementation of new rates. These BUC factors reflect the billing  
20 determinants relied upon to derive the proposed rates in Schedule DPY-5.

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 **A.** Yes, it does.

## **SOUTH JERSEY GAS COMPANY ALLOCATED COST OF SERVICE STUDY**

### **I. PURPOSE AND GUIDING PRINCIPLES**

South Jersey Gas Company ("South Jersey Gas") is proposing to change existing rates in connection with a proposed increase in base rate revenue requirements. An allocated cost of service study ("ACOSS") assesses the reasonableness of existing prices, and guides the development of price changes. In particular, the ACOSS examines all of a utility's common costs, and through appropriate cost assignments and allocations, establishes measures of investments, expenses and income by customer class. An ACOSS is necessary to determine the cost responsibility for each customer class because many of the Company's costs are common and are incurred to serve many classes of customers collectively.

The ACOSS calculates the total investment and operating costs incurred to serve each customer class, establishing class-specific total revenue requirements.

The class-specific revenue requirements are compared with class revenues in order to establish class income and rate of return on investment. The class-specific rates of return are used to guide the apportionment of the base rate increase among all of South Jersey Gas' customer classes in conjunction with the development of proposed rates. The ACOSS also determines the classification of costs among demand, customer and commodity components. The classification of costs within a rate classification is used to guide the form of billing rates for that class. Although the ACOSS is not the only factor relied upon to design rates, it is an invaluable guide to ensuring that the process is fair and reasonable.

The primary principle that guides the ACOSS process is that of cost causation. Each step in the development of the ACOSS is consistent with the factors that drive or contribute to the incurrence of costs on the South Jersey Gas system. For example, the principle of cost causation requires that the

costs incurred by the Company for meter reading be apportioned to classes on the basis of the number of meter readings in each class.

the Company's customer classes. Cost allocation utilizes a variety of factors to apportion the various types of costs among classes in a manner that is consistent with principles of cost responsibility.

## **II. SPECIFICATION OF SOUTH JERSEY GAS ACOSS**

### **A. Overview**

The ACOSS follows a three-part process, which consists of the functionalization, classification and allocation of South Jersey Gas' total cost of service. First, cost functionalization involves the segregation of costs into categories based on the function that each cost is incurred to provide. In the ACOSS, the functions are production, transmission, storage and distribution – the direct functions associated with costs incurred by the Company. Second, cost classification further separates costs according to the primary cost causative forces exhibited on South Jersey Gas' system. The cost classifications used in the ACOSS relate to fixed costs required to serve peak requirements (demand-related), fixed costs associated with providing customers with access to and active status on the system (customer-related), and variable costs associated with system throughput (commodity-related). Finally, cost allocation takes each classification of cost for each function and apportions that cost to each of

### **B. Customer Classes**

The ACOSS includes nine customer classes, which are: Residential Heating, Residential Non-Heating, General Service ("GSG"), General Service – Large Volume ("GDS-LV"), Comprehensive Transportation Service ("CTS"), Large Volume Service ("LVS"), Electric Generation Service ("EGS"), Electric Generation Service – Large Volume ("EGS-LV") and Natural Gas Vehicle Service ("NGV").

The Residential Heating and Residential Non-Heating customers are served under the same rate schedule, Residential Service ("RSG"); however, the two types of customers are studied separately to guide the design of the customer and delivery rates that apply to RSG customers. This approach provides for the evaluation of the cost of serving subsets of customers with disparate characteristics served under a common rate schedule. Residential Non-Heating customers have much lower use than Residential Heating customers and also have a much higher load factor, both of which have important implications for

designing rates that are revealed by separating the two types of customers in the ACOSS.

### **C. Data Sources**

The primary data sources fall in two general categories: data related to the establishment of the total cost of service, and data used as the basis for allocating the total cost of service among customer classes. The total cost of service or revenue requirement data utilized in the ACOSS are taken from schedules supporting South Jersey Gas' base rate application in this proceeding. The Company's forecasts of sales, customers and revenues by class supporting the application as adjusted for pro forma changes are used as allocation bases for several categories of costs. The remaining allocation data are derived from special studies of facility or operating costs. All of the data utilized in the ACOSS correspond to a common time period of April 2025 through March 2026. This is South Jersey Gas' test year, which is the period for which rates are to be determined.

### **D. Cost Functionalization**

The functionalization of costs refers to the segregation of costs among the primary

functions provided by gas utilities to their retail customers. The chart of accounts prescribed by the New Jersey Board of Public Utilities separates the majority of costs into the following four functions:

- *Production:* The production function includes costs associated with the upstream commodity gas supply, interstate pipeline transportation capacity necessary to deliver the supply to South Jersey Gas' system, and upstream storage facilities. Additionally, the costs of any production facilities and the administrative costs associated with procuring natural gas and transportation are categorized as production-related.
- *Storage:* The storage function includes costs associated with on-system facilities that are able to receive injected supplies or delivered liquid natural gas for later withdrawals.
- *Transmission:* The transmission function includes costs associated with large diameter, high pressure facilities that deliver gas to smaller distribution facilities. Transmission facilities include transmission mains and compressors.
- *Distribution:* The distribution function includes costs associated with

delivering supplies within areas that are close in proximity to gas loads, such as distribution mains. The costs associated with connecting customers to the distribution system are also considered distribution-related, which include costs associated with services, meters and regulators.

The majority of South Jersey Gas' non-gas supply costs are associated with the distribution function. Costs that do not directly fall into one of these primary functions, such as administrative and general expenses, are functionalized on the same basis as other related costs.

#### ***E. Cost Classification***

Classification is the apportionment of costs among demand, customer and commodity categories. Each of South Jersey Gas' rate base and expense accounts is classified consistent with the manner in which the associated costs are incurred. Costs that are associated with serving peak requirements on the system are classified as demand-related, e.g., costs of transmission facilities. Costs that are associated with providing customers access to and active status on the distribution system are classified as customer-related. Customer-related costs are incurred regardless of the amount of gas a customer consumes in any

given period and include the costs of services, meters and regulators, and meter reading and billing expenses. Costs that are associated with the quantity of gas purchased or transported are classified as commodity-related. Examples of commodity-related costs are purchased gas costs. Demand and customer-related costs are considered fixed, while commodity-related costs are variable. Some categories of costs vary with more than one of the classifications described previously.

Lastly, some categories of costs are appropriately classified based on how other related costs are classified. For example, distribution operations supervision and engineering expenses are classified based on the classification of all other distribution operations accounts.

The classification of distribution mains reflects the distinct cost causative factors that drive the Company's investments in these facilities. The first factor is the coincident peak demand on the system. Distribution mains are designed to deliver the maximum quantities that are required during a peak period from South Jersey Gas' transmission pipelines or interstate pipeline interconnects to the interconnection with each individual customer service. The second factor is the number of customers on the system. Distribution mains are also designed to deliver supplies in reasonable

proximity to customers in order to minimize the length of pipe used to serve all customers in an overall efficient fashion.

The breakdown of distribution mains investment costs between the demand and customer-related components is determined through a minimum-size study. The premise underlying this study is that the size of distribution main installed in a given location is most affected by the peak load that will be served by the main, and that the length of distribution main is most affected by the number of customers that are served. The validity of this premise is supported by the system design criteria taken into consideration by the Company's distribution engineering staff.

The minimum size study evaluates the cost of replacing the existing distribution mains of the system under two different sets of assumptions. The first determines the cost of replacing existing distribution mains with the same type, diameter and lengths of pipe as is currently installed. The second determines the replacement cost assuming that the entire system is replaced with two-inch diameter plastic pipe, which is the smallest, least-expensive size and type of pipe presently being installed. The customer component of distribution mains is equal to the ratio of the replacement cost using the smallest size pipe to the replacement cost using the installed sizes of pipe. Based on

the results of this study, 49% of South Jersey Gas' distribution mains investment is classified as customer-related.

#### ***F. Cost Allocation***

Cost allocation is the apportionment of individual elements of the Company's classified cost of service among rate classes based on each class' responsibility for the cost being incurred. Cost allocation follows cost causation principles and requires the development of numerous allocation factors that reflect the different types of costs included in South Jersey Gas' overall revenue requirements. Considerable effort is required to yield the set of allocation factors underlying the ACOSS.

The ACOSS follows system-design criteria in order to allocate costs on the basis of cost causation. The demand allocator used in the ACOSS is the coincident design day demand factor. Under this method, the allocation of demand costs reflects the manner in which the Company designs, plans and constructs its system to satisfy firm demands. Off-peak loads do not increase the Company's demand-related investments, and therefore, are not factored into the demand allocator in a system-design ACOSS.



The other allocation factors used in the ACOSS may be grouped into three categories as follows: (i) class summary statistics reflected in the base rate filing, such as the number of customers and sales by class; (ii) special studies that examine the costs associated with a specific type of investment or expense; and (iii) internal allocation factors, which are composite factors determined on the basis of how related cost items are allocated. All of the various factors must be developed assuming a consistent time period for the ACOSS to be accurate.

Seven special studies were performed related to significant capital investment and operations and maintenance ("O&M") expense accounts. The studies are as follows:

- *Meter Investment Study:* The meter investment study establishes the aggregate investment in meters and associated regulators based on the type and replacement cost of various meters installed to serve each class.
- *Service Investment Study:* South Jersey Gas' investment in distribution services is the largest investment on its books after the Company's investment in mains. The services investment study establishes the aggregate investment in services based on the type and length of

various services installed to serve each class.

- *Industrial Customer Investment Study:* The industrial customer investment study examines the Company's investments in services, meters and regulators to serve the largest customers on the system.
- *Working Capital Study:* The working capital study examines the components of South Jersey Gas' proposed working capital allowance. A composite allocator is derived from the allocation of each component within the ACOSS.
- *Labor Expense Study:* A study of the Company's payroll expense examines components of the Company's payroll costs. The labor study is used as the basis for allocating costs that vary with direct payroll costs, such as pensions and benefits costs.
- *Write-offs Study:* The write-offs study examines historical write-offs by customer class.

Together, these special studies are utilized to allocate a substantial portion of the Company's total revenue requirements to customer classes.

Gas costs represent a significant proportion of the Company's overall O&M

expense. Gas costs are allocated among South Jersey Gas' rate classes on the basis of Basic Gas Supply Service ("BGSS") revenues. The Company does not necessarily incur all gas costs on this basis as a portion of gas costs result from fixed interstate pipeline demand charges. However, given that all customers are allowed to choose an alternate gas supplier, it is important that the application of the ACOSS results to the design of distribution prices not be affected by variances in the allocation of gas costs among sales service classifications.

### III. RESULTS

Detailed ACOSS results are provided in Schedule DPY-1, Attachment 1. The first two pages of the attached results provide an income statement by class at existing and proposed rates, respectively. Pages three, four and five contain summaries of allocated rate base, O&M expense and total revenue requirements by classification and rate class. Lastly, page six provides a detailed analysis of the components of monthly customer-related costs.

The ACOSS demonstrates that the rates of return for the Residential Heating, Residential Non-Heating, and EGS-LV customers are less than the system-average rate of return of 6.14% at present rates. The

residential class is by far South Jersey Gas' largest class. The rate of return for all other classes is above the system-average, indicating that these classes are subsidizing the prices for residential customers.

Monthly customer costs are derived from the costs that are classified as customer-related and the apportionment of these costs to South Jersey Gas' various customer classes. The system-wide average monthly customer cost is \$60, and the cost generally varies with the size of the customer. The lowest average customer cost of \$54 per month is associated with serving the Residential Non-Heating class.

The results of the ACOSS indicate that class-differentiated base rate revenue increases would be appropriate given the wide disparity in rates of return by customer class. In addition, the monthly customer-related costs should be taken into consideration in the development of proposed modifications to existing customer charges.

**South Jersey Gas Company**  
**Income and Rate of Return at Present Rates**

|                                       | Total<br>System         | Residential<br>Heating | Residential<br>Non-Heating | General Service<br>GSG | General Service<br>GSG-LV | CTS                  | LVS                  | EGS                 | EGS-LV              | NGV                 |
|---------------------------------------|-------------------------|------------------------|----------------------------|------------------------|---------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>                       |                         |                        |                            |                        |                           |                      |                      |                     |                     |                     |
| Margin Revenues                       | \$ 425,827,896          | \$ 296,075,312         | \$ 3,012,928               | \$ 90,293,573          | \$ 13,523,863             | \$ 10,566,199        | \$ 10,163,030        | \$ 472,067          | \$ 672,348          | \$ 1,048,576        |
| Rider Revenues                        | 341,003,834             | 223,084,889            | 1,927,365                  | 87,713,638             | 2,172,129                 | 6,310,563            | 10,714,605           | 929,663             | 6,144,506           | 2,006,476           |
| Miscellaneous Revenues                | 12,010,117              | 9,506,020              | 162,373                    | 1,730,647              | 162,927                   | 166,612              | 233,134              | 11,092              | 21,845              | 15,467              |
| <b>Total</b>                          | <b>\$ 778,841,847</b>   | <b>\$ 528,666,221</b>  | <b>\$ 5,102,666</b>        | <b>\$ 179,737,859</b>  | <b>\$ 15,858,920</b>      | <b>\$ 17,043,375</b> | <b>\$ 21,110,768</b> | <b>\$ 1,412,821</b> | <b>\$ 6,838,698</b> | <b>\$ 3,070,520</b> |
| <b>OPERATING EXPENSES</b>             |                         |                        |                            |                        |                           |                      |                      |                     |                     |                     |
| Operations and Maintenance            | \$ 379,774,438          | \$261,312,268          | \$2,791,524                | \$87,329,557           | \$3,327,777               | \$6,596,494          | \$10,656,209         | \$857,109           | \$5,167,590         | \$1,735,909         |
| Depreciation and Amortization         | 111,850,894             | 89,080,565             | 1,576,241                  | 16,559,393             | 1,186,914                 | 1,286,701            | 1,758,474            | 91,759              | 221,814             | 89,032              |
| Amortization of Regulatory Programs   | 76,847,881              | 50,273,925             | 434,347                    | 19,766,954             | 489,506                   | 1,422,135            | 2,414,620            | 209,507             | 1,384,712           | 452,175             |
| Other Income and Expense              | (2,303,734)             | (1,823,407)            | (31,146)                   | (331,966)              | (31,252)                  | (31,959)             | (44,719)             | (2,128)             | (4,190)             | (2,967)             |
| Taxes Other Than Income Taxes         | 7,034,385               | 5,548,196              | 95,498                     | 1,084,199              | 75,180                    | 80,580               | 115,741              | 6,281               | 19,362              | 9,348               |
| <b>Total</b>                          | <b>\$ 573,203,864</b>   | <b>\$ 404,391,546</b>  | <b>\$ 4,866,463</b>        | <b>\$ 124,408,138</b>  | <b>\$ 5,048,125</b>       | <b>\$ 9,353,951</b>  | <b>\$ 14,900,326</b> | <b>\$ 1,162,529</b> | <b>\$ 6,789,287</b> | <b>\$ 2,283,498</b> |
| <b>OPERATING INCOME BEFORE TAXES</b>  | <b>\$ 205,637,983</b>   | <b>\$ 124,274,674</b>  | <b>\$ 236,203</b>          | <b>\$ 55,329,721</b>   | <b>\$ 10,810,794</b>      | <b>\$ 7,689,423</b>  | <b>\$ 6,210,443</b>  | <b>\$ 250,292</b>   | <b>\$ 49,411</b>    | <b>\$ 787,022</b>   |
| <b>INCOME TAXES</b>                   |                         |                        |                            |                        |                           |                      |                      |                     |                     |                     |
| Federal Income Taxes                  | \$ 26,559,947           | \$ 21,022,224          | \$ 359,083                 | \$ 3,827,264           | \$ 360,308                | \$ 368,457           | \$ 515,568           | \$ 24,529           | \$ 48,309           | \$ 34,205           |
| State Income Taxes                    | 12,508,609              | 9,900,576              | 169,113                    | 1,802,479              | 169,690                   | 173,528              | 242,811              | 11,552              | 22,751              | 16,109              |
| Excess Deferred Income Taxes          | (1,338,569)             | (1,059,478)            | (18,097)                   | (192,887)              | (18,159)                  | (18,569)             | (25,984)             | (1,236)             | (2,435)             | (1,724)             |
| <b>Total</b>                          | <b>\$ 37,729,988</b>    | <b>\$ 29,863,322</b>   | <b>\$ 510,098</b>          | <b>\$ 5,436,857</b>    | <b>\$ 511,839</b>         | <b>\$ 523,415</b>    | <b>\$ 732,395</b>    | <b>\$ 34,846</b>    | <b>\$ 68,625</b>    | <b>\$ 48,590</b>    |
| <b>RATEMAKING ADJUSTMENTS</b>         | <b>\$ 11,050,141</b>    | <b>\$8,746,197</b>     | <b>\$149,395</b>           | <b>\$1,592,315</b>     | <b>\$149,904</b>          | <b>\$153,295</b>     | <b>\$214,500</b>     | <b>\$10,205</b>     | <b>\$20,099</b>     | <b>\$14,231</b>     |
| <b>NET INCOME</b>                     | <b>\$ 178,958,136</b>   | <b>\$ 103,157,550</b>  | <b>\$ (124,501)</b>        | <b>\$ 51,485,179</b>   | <b>\$ 10,448,860</b>      | <b>\$ 7,319,303</b>  | <b>\$ 5,692,547</b>  | <b>\$ 225,652</b>   | <b>\$ 884</b>       | <b>\$ 752,663</b>   |
| <b>RATE BASE</b>                      | <b>\$ 2,912,883,726</b> | <b>\$2,305,550,318</b> | <b>\$39,381,342</b>        | <b>\$419,743,915</b>   | <b>\$39,515,727</b>       | <b>\$40,409,409</b>  | <b>\$56,543,367</b>  | <b>\$2,690,199</b>  | <b>\$5,298,099</b>  | <b>\$3,751,350</b>  |
| <b>RATE OF RETURN AT PRESENT RATE</b> | <b>6.14%</b>            | <b>4.47%</b>           | <b>-0.32%</b>              | <b>12.27%</b>          | <b>26.44%</b>             | <b>18.11%</b>        | <b>10.07%</b>        | <b>8.39%</b>        | <b>0.02%</b>        | <b>20.06%</b>       |

**South Jersey Gas Company**  
**Income and Rate of Return at Proposed Rates**

|                                        | Total<br>System         | Residential<br>Heating | Residential<br>Non-Heating | General Service<br>GSG | General Service<br>GSG-LV | CTS                  | LVS                  | EGS                 | EGS-LV              | NGV                 |
|----------------------------------------|-------------------------|------------------------|----------------------------|------------------------|---------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>                        |                         |                        |                            |                        |                           |                      |                      |                     |                     |                     |
| Margin Revenues                        | \$ 509,015,455          | \$ 353,886,022         | \$ 3,689,031               | \$ 107,855,682         | \$ 16,188,627             | \$ 12,612,717        | \$ 12,161,130        | \$ 562,436          | \$ 805,578          | \$ 1,254,231        |
| Rider Revenues                         | 332,520,526             | 217,123,068            | 1,880,893                  | 85,980,645             | 1,883,251                 | 6,115,109            | 10,501,323           | 921,838             | 6,129,504           | 1,984,895           |
| Miscellaneous Revenues                 | 12,015,452              | 9,510,242              | 162,445                    | 1,731,416              | 163,000                   | 166,686              | 233,238              | 11,097              | 21,854              | 15,474              |
| <b>Total</b>                           | <b>\$ 853,551,433</b>   | <b>\$ 580,519,332</b>  | <b>\$ 5,732,369</b>        | <b>\$ 195,567,744</b>  | <b>\$ 18,234,878</b>      | <b>\$ 18,894,512</b> | <b>\$ 22,895,691</b> | <b>\$ 1,495,370</b> | <b>\$ 6,956,936</b> | <b>\$ 3,254,601</b> |
| <b>OPERATING EXPENSES</b>              |                         |                        |                            |                        |                           |                      |                      |                     |                     |                     |
| Operations and Maintenance             | \$ 380,687,428          | \$262,040,991          | \$2,798,438                | \$87,476,718           | \$3,340,410               | \$6,610,323          | \$10,656,209         | \$858,283           | \$5,167,590         | \$1,738,466         |
| Depreciation and Amortization          | 111,850,894             | 89,080,565             | 1,576,241                  | 16,559,393             | 1,186,914                 | 1,286,701            | 1,758,474            | 91,759              | 221,814             | 89,032              |
| Amortization of Regulatory Programs    | 76,847,881              | 50,273,925             | 434,347                    | 19,766,954             | 489,506                   | 1,422,135            | 2,414,620            | 209,507             | 1,384,712           | 452,175             |
| Other Income and Expense               | (2,303,734)             | (1,823,407)            | (31,146)                   | (331,966)              | (31,252)                  | (31,959)             | (44,719)             | (2,128)             | (4,190)             | (2,967)             |
| Taxes Other Than Income Taxes          | 7,237,528               | 5,708,984              | 98,244                     | 1,113,471              | 77,936                    | 83,398               | 119,685              | 6,469               | 19,731              | 9,610               |
| <b>Total</b>                           | <b>\$ 574,319,998</b>   | <b>\$ 405,281,057</b>  | <b>\$ 4,876,124</b>        | <b>\$ 124,584,571</b>  | <b>\$ 5,063,515</b>       | <b>\$ 9,370,598</b>  | <b>\$ 14,904,269</b> | <b>\$ 1,163,890</b> | <b>\$ 6,789,657</b> | <b>\$ 2,286,316</b> |
| <b>OPERATING INCOME BEFORE TAXES</b>   | <b>\$ 279,231,436</b>   | <b>\$ 175,238,275</b>  | <b>\$ 856,245</b>          | <b>\$ 70,983,172</b>   | <b>\$ 13,171,363</b>      | <b>\$ 9,523,914</b>  | <b>\$ 7,991,421</b>  | <b>\$ 331,480</b>   | <b>\$ 167,279</b>   | <b>\$ 968,285</b>   |
| <b>INCOME TAXES</b>                    |                         |                        |                            |                        |                           |                      |                      |                     |                     |                     |
| Federal Income Taxes                   | \$ 40,623,941           | \$ 32,153,889          | \$ 549,224                 | \$ 5,853,873           | \$ 551,098                | \$ 563,562           | \$ 788,571           | \$ 37,518           | \$ 73,889           | \$ 52,317           |
| State Income Taxes                     | 19,132,155              | 15,143,119             | 258,661                    | 2,756,926              | 259,544                   | 265,414              | 371,383              | 17,670              | 34,799              | 24,639              |
| Excess Deferred Income Taxes           | (1,338,569)             | (1,059,478)            | (18,097)                   | (192,887)              | (18,159)                  | (18,569)             | (25,984)             | (1,236)             | (2,435)             | (1,724)             |
| <b>Total</b>                           | <b>\$ 58,417,528</b>    | <b>\$ 46,237,530</b>   | <b>\$ 789,788</b>          | <b>\$ 8,417,913</b>    | <b>\$ 792,483</b>         | <b>\$ 810,406</b>    | <b>\$ 1,133,970</b>  | <b>\$ 53,952</b>    | <b>\$ 106,253</b>   | <b>\$ 75,233</b>    |
| <b>RATEMAKING ADJUSTMENTS</b>          | <b>\$ 11,050,141</b>    | <b>\$8,746,197</b>     | <b>\$149,395</b>           | <b>\$1,592,315</b>     | <b>\$149,904</b>          | <b>\$153,295</b>     | <b>\$214,500</b>     | <b>\$10,205</b>     | <b>\$20,099</b>     | <b>\$14,231</b>     |
| <b>NET INCOME</b>                      | <b>\$ 231,864,049</b>   | <b>\$ 137,746,942</b>  | <b>\$ 215,852</b>          | <b>\$ 64,157,575</b>   | <b>\$ 12,528,785</b>      | <b>\$ 8,866,803</b>  | <b>\$ 7,071,951</b>  | <b>\$ 287,734</b>   | <b>\$ 81,125</b>    | <b>\$ 907,283</b>   |
| <b>RATE BASE</b>                       | <b>\$ 2,912,883,726</b> | <b>\$2,305,550,318</b> | <b>\$39,381,342</b>        | <b>\$419,743,915</b>   | <b>\$39,515,727</b>       | <b>\$40,409,409</b>  | <b>\$56,543,367</b>  | <b>\$2,690,199</b>  | <b>\$5,298,099</b>  | <b>\$3,751,350</b>  |
| <b>RATE OF RETURN AT PROPOSED RATE</b> | <b>7.96%</b>            | <b>5.97%</b>           | <b>0.55%</b>               | <b>15.28%</b>          | <b>31.71%</b>             | <b>21.94%</b>        | <b>12.51%</b>        | <b>10.70%</b>       | <b>1.53%</b>        | <b>24.19%</b>       |

**South Jersey Gas Company  
Rate Base**

|                                                 |    | Total<br>System | Residential      |                | General Service |               | CTS           | LVS            | EGS         | EGS-LV        | NGV         |
|-------------------------------------------------|----|-----------------|------------------|----------------|-----------------|---------------|---------------|----------------|-------------|---------------|-------------|
|                                                 |    |                 | Heating          | Non-Heating    | GSG             | GSG-LV        |               |                |             |               |             |
| <b>I. PLANT IN SERVICE</b>                      |    |                 |                  |                |                 |               |               |                |             |               |             |
| Demand                                          | \$ | 1,625,261,574   | \$ 1,072,815,711 | \$ 6,407,809   | \$344,990,267   | \$55,978,071  | \$52,205,470  | \$78,207,434   | \$3,349,871 | \$5,924,112   | \$5,382,829 |
| Customer                                        |    | 2,746,282,372   | 2,397,576,371    | 53,264,820     | 273,278,072     | 2,890,371     | 10,670,019    | 6,715,177      | 688,426     | 816,958       | 382,157     |
| Commodity                                       |    | 55,356,255      | 36,214,092       | 312,875        | 14,238,839      | 352,609       | 1,024,414     | 1,739,336      | 150,915     | 997,457       | 325,718     |
|                                                 | \$ | 4,426,900,201   | \$3,506,606,174  | \$59,985,504   | \$632,507,178   | \$59,221,050  | \$63,899,904  | \$86,661,948   | \$4,189,212 | \$7,738,527   | \$6,090,704 |
| <b>II. ACCUMULATED RESERVE FOR DEPRECIATION</b> |    |                 |                  |                |                 |               |               |                |             |               |             |
| Demand                                          | \$ | 332,856,847     | \$ 219,531,454   | \$ 1,311,237   | \$70,595,736    | \$11,454,854  | \$10,682,863  | \$16,003,673   | \$685,488   | \$1,212,257   | \$1,379,285 |
| Customer                                        |    | 585,622,628     | 507,803,383      | 11,296,061     | 58,122,129      | 603,600       | 4,309,322     | 2,766,663      | 243,977     | 330,733       | 146,760     |
| Commodity                                       |    | 32,696,573      | 21,390,115       | 184,802        | 8,410,273       | 208,271       | 605,078       | 1,027,352      | 89,139      | 589,155       | 192,388     |
|                                                 | \$ | 951,176,047     | \$748,724,952    | \$12,792,100   | \$137,128,138   | \$12,266,725  | \$15,597,262  | \$19,797,688   | \$1,018,604 | \$2,132,146   | \$1,718,432 |
| <b>III. NET PLANT IN SERVICE</b>                |    |                 |                  |                |                 |               |               |                |             |               |             |
| Demand                                          | \$ | 1,292,404,727   | \$ 853,284,257   | \$ 5,096,572   | \$274,394,531   | \$44,523,217  | \$41,522,608  | \$62,203,761   | \$2,664,384 | \$4,711,854   | \$4,003,545 |
| Customer                                        |    | 2,160,659,744   | 1,889,772,988    | 41,968,759     | 215,155,943     | 2,286,771     | 6,360,697     | 3,948,515      | 444,448     | 486,225       | 235,397     |
| Commodity                                       |    | 22,659,683      | 14,823,977       | 128,073        | 5,828,566       | 144,338       | 419,337       | 711,985        | 61,776      | 408,302       | 133,330     |
|                                                 | \$ | 3,475,724,154   | \$2,757,881,221  | \$47,193,404   | \$495,379,040   | \$46,954,325  | \$48,302,641  | \$66,864,261   | \$3,170,608 | \$5,606,381   | \$4,372,272 |
| <b>IV. RATE BASE ADDITIONS</b>                  |    |                 |                  |                |                 |               |               |                |             |               |             |
| Demand                                          | \$ | 56,208,750      | \$ 40,805,712    | \$ 583,795     | \$11,139,743    | \$1,302,353   | \$656,035     | \$1,191,202    | \$65,691    | \$356,504     | \$107,715   |
| Customer                                        |    | 64,446,059      | 47,896,443       | 845,761        | 11,667,483      | 531,427       | 942,136       | 1,753,016      | 85,257      | 572,138       | 152,397     |
| Commodity                                       |    | 679,143         | 502,689          | 8,772          | 124,509         | 5,625         | 10,052        | 18,697         | 924         | 6,208         | 1,667       |
|                                                 | \$ | 121,333,952     | \$89,204,845     | \$1,438,328    | \$22,931,734    | \$1,839,405   | \$1,608,223   | \$2,962,915    | \$151,872   | \$934,850     | \$261,780   |
| <b>V. RATE BASE DEDUCTIONS</b>                  |    |                 |                  |                |                 |               |               |                |             |               |             |
| Demand                                          | \$ | (256,397,029)   | \$ (169,967,928) | \$ (1,078,492) | (\$54,288,418)  | (\$8,714,808) | (\$8,023,525) | (\$12,058,589) | (\$519,237) | (\$962,980)   | (\$783,050) |
| Customer                                        |    | (423,249,785)   | (368,595,015)    | (8,145,390)    | (43,123,192)    | (534,113)     | (1,394,613)   | (1,083,451)    | (100,873)   | (199,692)     | (73,444)    |
| Commodity                                       |    | (4,527,566)     | (2,972,804)      | (26,508)       | (1,155,249)     | (29,081)      | (83,318)      | (141,768)      | (12,171)    | (80,459)      | (26,207)    |
|                                                 | \$ | (684,174,380)   | (\$541,535,748)  | (\$9,250,390)  | (\$98,566,859)  | (\$9,278,002) | (\$9,501,456) | (\$13,283,809) | (\$632,281) | (\$1,243,132) | (\$882,701) |
| <b>VI. TOTAL RATE BASE</b>                      |    |                 |                  |                |                 |               |               |                |             |               |             |
| Demand                                          | \$ | 1,092,216,449   | \$ 724,122,040   | \$ 4,601,875   | \$231,245,855   | \$37,110,762  | \$34,155,118  | \$51,336,374   | \$2,210,837 | \$4,105,378   | \$3,328,210 |
| Customer                                        |    | 1,801,856,018   | 1,569,074,416    | 34,669,130     | 183,700,234     | 2,284,085     | 5,908,220     | 4,618,079      | 428,832     | 858,670       | 314,350     |
| Commodity                                       |    | 18,811,260      | 12,353,861       | 110,337        | 4,797,825       | 120,881       | 346,071       | 588,914        | 50,529      | 334,050       | 108,791     |
|                                                 | \$ | 2,912,883,726   | \$2,305,550,318  | \$39,381,342   | \$419,743,915   | \$39,515,727  | \$40,409,409  | \$56,543,367   | \$2,690,199 | \$5,298,099   | \$3,751,350 |

South Jersey Gas Company  
O&M Expense

|                                                |    | Total<br>System | Residential    |              | General Service |              | CTS          | LVS           | EGS        | EGS-LV       | NGV          |
|------------------------------------------------|----|-----------------|----------------|--------------|-----------------|--------------|--------------|---------------|------------|--------------|--------------|
|                                                |    |                 | Heating        | Non-Heating  | GSG             | GSG-LV       |              |               |            |              |              |
| <b>I. PRODUCTION EXPENSE</b>                   |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 21,495,093      | \$ 14,213,899  | \$ 84,898    | \$4,570,829     | \$741,662    | \$691,678    | \$1,036,182   | \$44,383   | \$78,489     | \$33,073     |
| Customer                                       |    | -               | -              | -            | -               | -            | -            | -             | -          | -            | -            |
| Commodity                                      |    | 270,070,987     | 176,680,583    | 1,526,450    | 69,468,160      | 1,720,301    | 4,997,891    | 8,485,840     | 736,282    | 4,866,375    | 1,589,106    |
|                                                | \$ | 291,566,080     | \$190,894,482  | \$1,611,348  | \$74,038,989    | \$2,461,963  | \$5,689,569  | \$9,522,022   | \$780,665  | \$4,944,865  | \$1,622,178  |
| <b>II. STORAGE EXPENSE</b>                     |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 668,271         | \$ 441,903     | \$ 2,639     | \$ 142,105      | \$ 23,058    | \$ 21,504    | \$ 32,214     | \$ 1,380   | \$ 2,440     | \$ 1,028     |
| Customer                                       |    | -               | -              | -            | -               | -            | -            | -             | -          | -            | -            |
| Commodity                                      |    | -               | -              | -            | -               | -            | -            | -             | -          | -            | -            |
|                                                | \$ | 668,271         | \$441,903      | \$2,639      | \$142,105       | \$23,058     | \$21,504     | \$32,214      | \$1,380    | \$2,440      | \$1,028      |
| <b>III. TRANSMISSION EXPENSE</b>               |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 4,947,738       | \$ 3,271,754   | \$ 19,542    | \$ 1,052,113    | \$ 170,716   | \$ 159,210   | \$ 238,508    | \$ 10,216  | \$ 18,067    | \$ 7,613     |
| Customer                                       |    | -               | -              | -            | -               | -            | -            | -             | -          | -            | -            |
| Commodity                                      |    | -               | -              | -            | -               | -            | -            | -             | -          | -            | -            |
|                                                | \$ | 4,947,738       | \$3,271,754    | \$19,542     | \$1,052,113     | \$170,716    | \$159,210    | \$238,508     | \$10,216   | \$18,067     | \$7,613      |
| <b>IV. DISTRIBUTION EXPENSE</b>                |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 1,780,917       | \$ 1,177,474   | \$ 7,033     | \$378,646       | \$61,439     | \$57,298     | \$85,837      | \$3,677    | \$6,502      | \$3,011      |
| Customer                                       |    | 5,863,653       | 5,155,418      | 114,607      | 581,054         | 6,122        | 3,658        | 1,743         | 577        | 272          | 201          |
| Commodity                                      |    | -               | -              | -            | -               | -            | -            | -             | -          | -            | -            |
|                                                | \$ | 7,644,571       | \$6,332,892    | \$121,640    | \$959,700       | \$67,561     | \$60,957     | \$87,580      | \$4,254    | \$6,774      | \$3,212      |
| <b>V. CUSTOMER ACCOUNTS EXPENSE</b>            |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 4,023,438       | \$ 3,211,394   | \$ 30,469    | \$ 648,519      | \$ 55,676    | \$ 60,942    | \$ -          | \$ 5,172   | \$ -         | \$ 11,266    |
| Customer                                       |    | 12,120,433      | 10,308,656     | 165,107      | 1,423,658       | 94,086       | 101,109      | 292           | 8,735      | 38           | 18,751       |
| Commodity                                      |    | 395,206         | 268,521        | 2,367        | 95,001          | 3,035        | 7,081        | 10,240        | 978        | 5,873        | 2,112        |
|                                                | \$ | 16,539,077      | \$13,788,571   | \$197,943    | \$2,167,178     | \$152,797    | \$169,132    | \$10,533      | \$14,884   | \$5,911      | \$32,129     |
| <b>VI. CUSTOMER SERVICE AND SALES EXPENSE</b>  |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | -               | \$ -           | \$ -         | \$ -            | \$ -         | \$ -         | \$ -          | \$ -       | \$ -         | \$ -         |
| Customer                                       |    | 5,232,193       | 4,781,651      | 109,591      | 337,605         | 2,134        | 546          | 279           | 194        | 36           | 158          |
| Commodity                                      |    | 42,631          | 27,889         | 241          | 10,966          | 272          | 789          | 1,340         | 116        | 768          | 251          |
|                                                | \$ | 5,274,824       | \$ 4,809,540   | \$ 109,832   | \$ 348,570      | \$ 2,405     | \$ 1,335     | \$ 1,618      | \$ 310     | \$ 805       | \$ 408       |
| <b>VII. ADMINISTRATIVE AND GENERAL EXPENSE</b> |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 10,073,845      | \$ 6,658,428   | \$ 39,870    | \$2,140,600     | \$347,185    | \$323,623    | \$484,871     | \$20,773   | \$36,806     | \$21,688     |
| Customer                                       |    | 35,682,441      | 30,419,703     | 648,764      | 4,494,960       | 61,915       | 31,569       | 18,366        | 3,199      | 2,537        | 1,428        |
| Commodity                                      |    | 8,290,581       | 5,423,719      | 46,860       | 2,132,504       | 52,810       | 153,423      | 260,496       | 22,602     | 149,385      | 48,781       |
|                                                | \$ | 54,046,866      | \$42,501,850   | \$735,494    | \$8,768,064     | \$461,910    | \$508,616    | \$763,733     | \$46,574   | \$188,729    | \$71,897     |
| <b>VIII. TOTAL O&amp;M EXPENSE</b>             |    |                 |                |              |                 |              |              |               |            |              |              |
| Demand                                         | \$ | 42,989,303      | \$ 28,974,851  | \$ 184,451   | \$ 8,932,811    | \$ 1,399,736 | \$ 1,314,256 | \$ 1,877,613  | \$ 85,600  | \$ 142,305   | \$ 77,679    |
| Customer                                       |    | 58,898,720      | 50,665,427     | 1,038,069    | 6,837,276       | 164,258      | 136,882      | 20,681        | 12,706     | 2,884        | 20,537       |
| Commodity                                      |    | 278,799,405     | 182,400,713    | 1,575,918    | 71,706,630      | 1,776,417    | 5,159,184    | 8,757,915     | 759,977    | 5,022,401    | 1,640,249    |
|                                                | \$ | 380,687,428     | \$ 262,040,991 | \$ 2,798,438 | \$ 87,476,718   | \$ 3,340,410 | \$ 6,610,323 | \$ 10,656,209 | \$ 858,283 | \$ 5,167,590 | \$ 1,738,466 |

**South Jersey Gas Company  
Total Revenue Requirements**

|                                         |           | Total<br>System | Residential    |              | General Service |              | CTS           | LVS           | EGS          | EGS-LV       | NGV          |
|-----------------------------------------|-----------|-----------------|----------------|--------------|-----------------|--------------|---------------|---------------|--------------|--------------|--------------|
|                                         |           |                 | Heating        | Non-Heating  | GSG             | GSG-LV       |               |               |              |              |              |
| <b>I. O&amp;M EXPENSE</b>               |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ 42,989,303   | \$ 28,974,851  | \$ 184,451   | \$ 8,932,811    | \$ 1,399,736 | \$ 1,314,256  | \$ 1,877,613  | \$ 85,600    | \$ 142,305   | \$ 77,679    |
|                                         | Customer  | 58,898,720      | 50,665,427     | 1,038,069    | 6,837,276       | 164,258      | 136,882       | 20,681        | 12,706       | 2,884        | 20,537       |
|                                         | Commodity | 278,799,405     | 182,400,713    | 1,575,918    | 71,706,630      | 1,776,417    | 5,159,184     | 8,757,915     | 759,977      | 5,022,401    | 1,640,249    |
|                                         |           | \$ 380,687,428  | \$ 262,040,991 | \$ 2,798,438 | \$ 87,476,718   | \$ 3,340,410 | \$ 6,610,323  | \$ 10,656,209 | \$ 858,283   | \$ 5,167,590 | \$ 1,738,466 |
| <b>II. DEPRECIATION</b>                 |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ 30,288,234   | \$ 20,026,021  | \$ 119,613   | \$ 6,439,859    | \$ 1,044,931 | \$ 974,508    | \$ 1,459,881  | \$ 62,531    | \$ 110,584   | \$ 50,304    |
|                                         | Customer  | 76,301,396      | 65,612,622     | 1,426,891    | 8,766,222       | 108,470      | 214,829       | 133,280       | 14,884       | 16,427       | 7,770        |
|                                         | Commodity | 5,261,264       | 3,441,922      | 29,737       | 1,353,312       | 33,513       | 97,364        | 165,313       | 14,344       | 94,802       | 30,957       |
|                                         |           | \$ 111,850,894  | \$ 89,080,565  | \$ 1,576,241 | \$ 16,559,393   | \$ 1,186,914 | \$ 1,286,701  | \$ 1,758,474  | \$ 91,759    | \$ 221,814   | \$ 89,032    |
| <b>III. TAXES OTHER THAN INCOME</b>     |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ 1,952,115    | \$ 1,291,272   | \$ 7,900     | \$ 414,149      | \$ 66,922    | \$ 62,104     | \$ 93,151     | \$ 3,998     | \$ 7,203     | \$ 5,417     |
|                                         | Customer  | 4,645,231       | 3,998,872      | 86,723       | 534,681         | 6,936        | 9,448         | 6,420         | 726          | 996          | 427          |
|                                         | Commodity | 640,182         | 418,839        | 3,621        | 164,641         | 4,079        | 11,846        | 20,114        | 1,745        | 11,532       | 3,766        |
|                                         |           | \$ 7,237,528    | \$ 5,708,984   | \$ 98,244    | \$ 1,113,471    | \$ 77,936    | \$ 83,398     | \$ 119,685    | \$ 6,469     | \$ 19,731    | \$ 9,610     |
| <b>IV. DEFERRED INCOME TAXES</b>        |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ (501,910)    | \$ (332,759)   | \$ (2,115)   | \$ (106,265)    | \$ (17,054)  | \$ (15,695)   | \$ (23,591)   | \$ (1,016)   | \$ (1,887)   | \$ (1,529)   |
|                                         | Customer  | (828,014)       | (721,043)      | (15,932)     | (84,416)        | (1,050)      | (2,715)       | (2,122)       | (197)        | (395)        | (144)        |
|                                         | Commodity | (8,644)         | (5,677)        | (51)         | (2,205)         | (56)         | (159)         | (271)         | (23)         | (154)        | (50)         |
|                                         |           | \$ (1,338,569)  | \$ (1,059,478) | \$ (18,097)  | \$ (192,887)    | \$ (18,159)  | \$ (18,569)   | \$ (25,984)   | \$ (1,236)   | \$ (2,435)   | \$ (1,724)   |
| <b>V. RATEMAKING ADJUSTMENTS</b>        |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ (4,143,367)  | \$ (2,746,986) | \$ (17,457)  | \$ (877,240)    | \$ (140,781) | \$ (129,569)  | \$ (194,747)  | \$ (8,387)   | \$ (15,574)  | \$ (12,626)  |
|                                         | Customer  | (6,835,413)     | (5,952,347)    | (131,519)    | (696,874)       | (8,665)      | (22,413)      | (17,519)      | (1,627)      | (3,257)      | (1,192)      |
|                                         | Commodity | (71,361)        | (46,865)       | (419)        | (18,201)        | (459)        | (1,313)       | (2,234)       | (192)        | (1,267)      | (413)        |
|                                         |           | \$ (11,050,141) | \$ (8,746,197) | \$ (149,395) | \$ (1,592,315)  | \$ (149,904) | \$ (153,295)  | \$ (214,500)  | \$ (10,205)  | \$ (20,099)  | \$ (14,231)  |
| <b>VI. RETURN</b>                       |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ 86,940,429   | \$ 57,640,114  | \$ 366,309   | \$ 18,407,170   | \$ 2,954,017 | \$ 2,718,747  | \$ 4,086,375  | \$ 175,983   | \$ 326,788   | \$ 264,925   |
|                                         | Customer  | 143,427,739     | 124,898,323    | 2,759,663    | 14,622,539      | 181,813      | 470,294       | 367,599       | 34,135       | 68,350       | 25,022       |
|                                         | Commodity | 1,497,376       | 983,367        | 8,783        | 381,907         | 9,622        | 27,547        | 46,878        | 4,022        | 26,590       | 8,660        |
|                                         |           | \$ 231,865,544  | \$ 183,521,805 | \$ 3,134,755 | \$ 33,411,616   | \$ 3,145,452 | \$ 3,216,589  | \$ 4,500,852  | \$ 214,140   | \$ 421,729   | \$ 298,607   |
| <b>VII. INCOME TAXES</b>                |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ 22,406,178   | \$ 14,854,938  | \$ 94,405    | \$ 4,743,873    | \$ 761,305   | \$ 700,672    | \$ 1,053,136  | \$ 45,354    | \$ 84,219    | \$ 68,276    |
|                                         | Customer  | 36,964,016      | 32,188,639     | 711,217      | 3,768,502       | 46,857       | 121,204       | 94,737        | 8,797        | 17,615       | 6,449        |
|                                         | Commodity | 385,902         | 253,432        | 2,264        | 98,425          | 2,480        | 7,099         | 12,081        | 1,037        | 6,853        | 2,232        |
|                                         |           | \$ 59,756,096   | \$ 47,297,008  | \$ 807,885   | \$ 8,610,799    | \$ 810,642   | \$ 828,975    | \$ 1,159,954  | \$ 55,188    | \$ 108,687   | \$ 76,957    |
| <b>VIII. TOTAL REVENUE REQUIREMENTS</b> |           |                 |                |              |                 |              |               |               |              |              |              |
|                                         | Demand    | \$ 179,930,982  | \$ 119,707,452 | \$ 753,106   | \$ 37,954,357   | \$ 6,069,076 | \$ 5,625,024  | \$ 8,351,819  | \$ 364,063   | \$ 653,639   | \$ 452,447   |
|                                         | Customer  | 312,573,674     | 270,690,494    | 5,875,112    | 33,747,929      | 498,619      | 927,530       | 603,076       | 69,425       | 102,621      | 58,868       |
|                                         | Commodity | 286,504,124     | 187,445,731    | 1,619,853    | 73,684,509      | 1,825,597    | 5,301,569     | 8,999,796     | 780,910      | 5,160,758    | 1,685,401    |
|                                         |           | \$ 779,008,780  | \$ 577,843,677 | \$ 8,248,071 | \$ 145,386,796  | \$ 8,393,291 | \$ 11,854,123 | \$ 17,954,691 | \$ 1,214,397 | \$ 5,917,017 | \$ 2,196,717 |

**South Jersey Gas Company  
Monthly Customer Cost Detail**

|                                             | Total<br>System | Residential |                | General Service |               |            |             |             |           |             |    |        |
|---------------------------------------------|-----------------|-------------|----------------|-----------------|---------------|------------|-------------|-------------|-----------|-------------|----|--------|
|                                             |                 | Heating     | Non-Heating    | GSG             | GSG-LV        | CTS        | LVS         | EGS         | EGS-LV    | NGV         |    |        |
| I. AVERAGE CUSTOMER COSTS                   |                 |             |                |                 |               |            |             |             |           |             |    |        |
| Customer-Related Revenue Req.               | \$              | 312,573,674 | \$ 270,690,494 | \$ 5,875,112    | \$ 33,747,929 | \$ 498,619 | \$ 927,530  | \$ 603,076  | \$ 69,425 | \$ 102,621  | \$ | 58,868 |
| Average Customers                           |                 | 431,561     | 394,399        | 9,039           | 27,846        | 176        | 45          | 23          | 16        | 3           |    | 13     |
| Average Monthly Customer Cost               | \$              | 60.36       | \$ 57.19       | \$ 54.16        | \$ 100.99     | \$ 236.09  | \$ 1,717.65 | \$ 2,185.06 | \$ 361.59 | \$ 2,850.58 | \$ | 377.36 |
| II. MONTHLY CUSTOMER COST DETAIL            |                 |             |                |                 |               |            |             |             |           |             |    |        |
| O&M Expense                                 |                 |             |                |                 |               |            |             |             |           |             |    |        |
| Mains and Services Expense                  | \$              | 0.75        | \$ 0.74        | \$ 0.74         | \$ 0.92       | \$ 0.92    | \$ 4.64     | \$ 3.78     | \$ 2.47   | \$ 5.13     | \$ | 0.92   |
| Meter & Regulator Expense                   |                 | 0.19        | 0.16           | 0.13            | 0.58          | 1.65       | -           | -           | -         | -           |    | -      |
| Meter Reading Expense                       |                 | 0.46        | 0.46           | 0.46            | 0.46          | 0.46       | 0.46        | 0.46        | 0.46      | 0.46        |    | 0.46   |
| Customer Records and Collections            |                 | 0.60        | 0.60           | 0.60            | 0.60          | 0.60       | 0.60        | 0.60        | 0.60      | 0.60        |    | 0.60   |
| Uncollectible Accounts                      |                 | 1.28        | 1.12           | 0.46            | 3.20          | 43.49      | 186.18      | -           | 44.44     | -           |    | 119.14 |
| All Other O&M                               |                 | 8.09        | 7.62           | 7.18            | 14.70         | 30.66      | 61.61       | 70.09       | 18.21     | 73.91       |    | 10.53  |
| Total O&M                                   | \$              | 11.37       | \$ 10.71       | \$ 9.57         | \$ 20.46      | \$ 77.77   | \$ 253.49   | \$ 74.93    | \$ 66.17  | \$ 80.10    | \$ | 131.65 |
| Depreciation                                |                 |             |                |                 |               |            |             |             |           |             |    |        |
| Mains                                       | \$              | 2.60        | \$ 2.60        | \$ 2.60         | \$ 2.60       | \$ 2.60    | \$ 2.60     | \$ 2.60     | \$ 2.60   | \$ 2.60     | \$ | 2.60   |
| Services                                    |                 | 5.04        | 4.90           | 4.90            | 6.89          | 6.89       | 48.48       | 38.90       | 24.29     | 54.02       |    | 6.89   |
| Measuring and Regulating                    |                 | 2.78        | 2.33           | 1.91            | 8.29          | 23.44      | 311.11      | 401.71      | 40.38     | 359.23      |    | 34.84  |
| All Other Depreciation                      |                 | 4.32        | 4.03           | 3.75            | 8.46          | 18.43      | 35.64       | 39.69       | 10.25     | 40.47       |    | 5.48   |
| Total Depreciation                          | \$              | 14.73       | \$ 13.86       | \$ 13.15        | \$ 26.23      | \$ 51.36   | \$ 397.83   | \$ 482.90   | \$ 77.52  | \$ 456.32   | \$ | 49.81  |
| Taxes Other Than Income Taxes               | \$              | 0.90        | \$ 0.84        | \$ 0.80         | \$ 1.60       | \$ 3.28    | \$ 17.50    | \$ 23.26    | \$ 3.78   | \$ 27.68    | \$ | 2.74   |
| Deferred Income Taxes                       | \$              | (0.16)      | \$ (0.15)      | \$ (0.15)       | \$ (0.25)     | \$ (0.50)  | \$ (5.03)   | \$ (7.69)   | \$ (1.03) | \$ (10.96)  | \$ | (0.93) |
| Ratemaking Adjustments                      | \$              | (1.32)      | \$ (1.26)      | \$ (1.21)       | \$ (2.09)     | \$ (4.10)  | \$ (41.51)  | \$ (63.47)  | \$ (8.47) | \$ (90.48)  | \$ | (7.64) |
| Rate Base-Related (Return and Income Taxes) |                 |             |                |                 |               |            |             |             |           |             |    |        |
| Mains                                       | \$              | 14.73       | \$ 14.73       | \$ 14.73        | \$ 14.73      | \$ 14.73   | \$ 14.73    | \$ 14.73    | \$ 14.73  | \$ 14.73    | \$ | 14.73  |
| Services                                    |                 | 20.08       | 17.04          | 17.04           | 23.95         | 23.95      | 168.60      | 135.29      | 84.46     | 187.85      |    | 23.95  |
| Meters and Regulators                       |                 | 7.22        | 6.04           | 4.94            | 21.48         | 60.72      | 963.46      | 1,244.03    | 125.06    | 1,112.50    |    | 107.91 |
| All Other Rate Base-Related                 |                 | (7.20)      | (4.63)         | (4.72)          | (5.13)        | 8.86       | (51.43)     | 281.07      | (0.65)    | 1,072.84    |    | 55.14  |
| Total Rate Base-Related                     | \$              | 34.83       | \$ 33.19       | \$ 32.00        | \$ 55.04      | \$ 108.27  | \$ 1,095.37 | \$ 1,675.13 | \$ 223.61 | \$ 2,387.92 | \$ | 201.74 |
| Total Average Monthly Customer Cost         | \$              | 60.36       | \$ 57.19       | \$ 54.16        | \$ 100.99     | \$ 236.09  | \$ 1,717.65 | \$ 2,185.06 | \$ 361.59 | \$ 2,850.58 | \$ | 377.36 |



**South Jersey Gas Company**  
**Allocation of Proposed Revenue Adjustments to Base Rates**  
(In Thousands of Dollars)

| Description<br>( A )                       | Current<br>Base<br>Revenue<br>( B ) | Current<br>IIP<br>Revenue<br>( B ) | Current<br>Base and IIP<br>Revenue<br>( B ) | Proposed<br>Base Revenue<br>Increase<br>( C ) | Proposed<br>Base Revenues<br>( D ) |
|--------------------------------------------|-------------------------------------|------------------------------------|---------------------------------------------|-----------------------------------------------|------------------------------------|
| <b>Rate Schedules</b>                      |                                     |                                    |                                             |                                               |                                    |
| Residential Service                        | 299,088                             | 6,008                              | 305,097                                     | 52,479                                        | 357,576                            |
| General Service                            | 90,294                              | 1,733                              | 92,027                                      | 15,829                                        | 107,856                            |
| General Service - Large Volume             | 13,524                              | 289                                | 13,813                                      | 2,376                                         | 16,189                             |
| Comprehensive Firm Transportation Service  | 10,566                              | 195                                | 10,762                                      | 1,851                                         | 12,613                             |
| Large Volume Service                       | 10,163                              | 213                                | 10,376                                      | 1,785                                         | 12,161                             |
| Electric Generation Service                | 472                                 | 8                                  | 480                                         | 83                                            | 562                                |
| Electric Generation Service - Large Volume | 672                                 | 15                                 | 687                                         | 118                                           | 806                                |
| Natural Gas Vehicle Service                | 1,049                               | 22                                 | 1,070                                       | 184                                           | 1,254                              |
| Gas Lights Service                         | 10                                  | 0                                  | 10                                          | 2                                             | 12                                 |
| Interruptible Transportation Service       | 24                                  | -                                  | 24                                          | 4                                             | 28                                 |
| <b>Total Firm Rate Schedules</b>           | <b>425,862</b>                      | <b>8,484</b>                       | <b>434,346</b>                              | <b>74,711</b>                                 | <b>509,057</b>                     |

**South Jersey Gas Company**  
**Base and Total Revenues at Present and Proposed Rates**

| <u>Component</u>           | <u>Amount</u> | <u>Units</u> | <u>Present Rates</u> |                       | <u>Proposed Rates</u> |                       |                 |
|----------------------------|---------------|--------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|                            |               |              | <u>Rate</u>          | <u>Revenue</u>        | <u>Rate</u>           | <u>Revenue</u>        | <u>Increase</u> |
|                            |               |              | <u>RSG</u>           |                       | <u>RSG</u>            |                       |                 |
| <u>Residential Service</u> |               |              |                      |                       |                       |                       |                 |
| Customer Charge            | 4,841,260     | Bills        | \$ 9.85              | \$ 47,686,409         | \$ 13.00              | \$ 62,936,377         |                 |
| Distribution Charge        | 280,216,493   | Therms       | 0.897170             | 251,401,831           | 1.051470              | 294,639,236           |                 |
| IIP Revenues               |               |              |                      | 6,008,293             |                       | -                     |                 |
| <b>Total Base Revenues</b> |               |              |                      | <b>\$ 305,096,533</b> |                       | <b>\$ 357,575,613</b> | <b>17.2%</b>    |

|                                                  |             |        |            |                      |            |                       |              |
|--------------------------------------------------|-------------|--------|------------|----------------------|------------|-----------------------|--------------|
|                                                  |             |        | <u>GSG</u> |                      | <u>GSG</u> |                       |              |
| <u>General Service (0-100,000 Annual Therms)</u> |             |        |            |                      |            |                       |              |
| Customer Charge                                  | 334,155     | Bills  | \$ 37.98   | \$ 12,691,197        | \$ 49.50   | \$ 16,540,660         |              |
| Distribution Charge                              | 107,306,099 | Therms | 0.723187   | 77,602,376           | 0.850979   | 91,315,237            |              |
| IIP Revenues                                     |             |        |            | 1,732,993            |            | -                     |              |
| <b>Total Base Revenues</b>                       |             |        |            | <b>\$ 92,026,566</b> |            | <b>\$ 107,855,897</b> | <b>17.2%</b> |

|                                                               |            |        |               |                      |               |                      |              |
|---------------------------------------------------------------|------------|--------|---------------|----------------------|---------------|----------------------|--------------|
|                                                               |            |        | <u>GSG-LV</u> |                      | <u>GSG-LV</u> |                      |              |
| <u>General Service Large Volume (100,000 + Annual Therms)</u> |            |        |               |                      |               |                      |              |
| Customer Charge                                               | 2,112      | Bills  | \$ 247.60     | \$ 522,931           | \$ 320.00     | \$ 675,840           |              |
| Demand Charge                                                 | 238,365    | Mcf    | 13.3177       | 3,174,474            | 13.5000       | 3,217,928            |              |
| Distribution Charge                                           | 27,363,442 | Therms | 0.359109      | 9,826,458            | 0.449318      | 12,294,887           |              |
| IIP Revenues                                                  |            |        |               | 288,878              |               | -                    |              |
| <b>Total Base Revenues</b>                                    |            |        |               | <b>\$ 13,812,741</b> |               | <b>\$ 16,188,655</b> | <b>17.2%</b> |

|                                                  |            |        |            |                      |             |                      |              |
|--------------------------------------------------|------------|--------|------------|----------------------|-------------|----------------------|--------------|
|                                                  |            |        | <u>CTS</u> |                      | <u>CTS</u>  |                      |              |
| <u>Comprehensive Firm Transportation Service</u> |            |        |            |                      |             |                      |              |
| Customer Charge                                  | 540        | Bills  | \$ 820.63  | \$ 443,140           | \$ 1,025.00 | \$ 553,500           |              |
| Demand Charge                                    | 201,961    | Mcf    | 34.7011    | 7,008,269            | 42.5000     | 8,583,343            |              |
| Distribution Charge                              | 34,177,386 | Therms | 0.091136   | 3,114,790            | 0.101702    | 3,475,909            |              |
| IIP Revenues                                     |            |        |            | 195,454              |             | -                    |              |
| <b>Total Base Revenues</b>                       |            |        |            | <b>\$ 10,761,653</b> |             | <b>\$ 12,612,751</b> | <b>17.2%</b> |

**South Jersey Gas Company**  
**Base and Total Revenues at Present and Proposed Rates**

| <u>Component</u>            | <u>Amount</u> | <u>Units</u> | <u>Present Rates</u> |                      | <u>Proposed Rates</u> |                      |                 |
|-----------------------------|---------------|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------|
|                             |               |              | <u>Rate</u>          | <u>Revenue</u>       | <u>Rate</u>           | <u>Revenue</u>       | <u>Increase</u> |
|                             |               |              | <u>LVS</u>           |                      | <u>LVS</u>            |                      |                 |
| <u>Large Volume Service</u> |               |              |                      |                      |                       |                      |                 |
| Customer Charge             | 276           | Bills        | \$ 1,148.89          | \$ 317,094           | \$ 1,425.00           | \$ 393,300           |                 |
| Demand Charge               | 307,591       | Mcf          | 20.6331              | 6,346,556            | 24.7500               | 7,612,877            |                 |
| Distribution Charge         | 57,180,353    | Therms       | 0.061199             | 3,499,380            | 0.072664              | 4,154,953            |                 |
| IIP Revenues                |               |              |                      | <u>213,282</u>       |                       | <u>-</u>             |                 |
| <b>Total Base Revenues</b>  |               |              |                      | <b>\$ 10,376,312</b> |                       | <b>\$ 12,161,130</b> | <b>17.2%</b>    |

|                                    |           |        | EGS               |           | EGS               |              |  |
|------------------------------------|-----------|--------|-------------------|-----------|-------------------|--------------|--|
| <u>Electric Generation Service</u> |           |        |                   |           |                   |              |  |
| Customer Charge                    | 192       | Bills  | \$ 86.28          | \$ 16,566 | \$ 105.00         | \$ 20,160    |  |
| Demand Charge                      | 13,242    | Mcf    | 9.1442            | 121,087   | 10.5000           | 139,041      |  |
| Distribution Charge (Nov - Mar.)   | 904,448   | Therms | 0.168130          | 152,065   | 0.199067          | 180,046      |  |
| Distribution Charge (Apr - Oct.)   | 1,320,124 | Therms | 0.138130          | 182,349   | 0.169067          | 223,189      |  |
| IIP Revenues                       |           |        |                   | 7,825     |                   | -            |  |
| <b>Total Base Revenues</b>         |           |        | <b>\$ 479,892</b> |           | <b>\$ 562,436</b> | <b>17.2%</b> |  |

|                                                   |        |       | EGS-LV |           | EGS-LV |                |  |
|---------------------------------------------------|--------|-------|--------|-----------|--------|----------------|--|
| <u>Electric Generation Service - Large Volume</u> |        |       |        |           |        |                |  |
| Customer Charge                                   | 36     | Bills | \$     | 820.63    | \$     | 29,543         |  |
| Demand Charge                                     | 23,280 | Mcf   |        | 27.611897 |        | 642,805        |  |
| IIP Revenues                                      |        |       |        |           |        | 15,002         |  |
| <b>Total Base Revenues</b>                        |        |       |        | <b>\$</b> |        | <b>687,350</b> |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |
|                                                   |        |       |        |           |        |                |  |

**South Jersey Gas Company**  
**Base and Total Revenues at Present and Proposed Rates**

| Component                     | Amount    | Units  | Present Rates |              | Proposed Rates |              |          |
|-------------------------------|-----------|--------|---------------|--------------|----------------|--------------|----------|
|                               |           |        | Rate          | Revenue      | Rate           | Revenue      | Increase |
|                               |           |        | NGV           |              | NGV            |              |          |
| Natural Gas Vehicle Service   |           |        |               |              |                |              |          |
| Cust. Charge 0-999 CFH        | 12        | Bills  | \$ 37.50      | \$ 450       | \$ 37.50       | \$ 450       |          |
| Cust. Charge 1,000-4,999 CFH  | -         | Bills  | 75.00         | -            | 75.00          | -            |          |
| Cust. Charge 5,000-24,999 CFH | 12        | Bills  | 241.97        | 2,904        | 265.00         | 3,180        |          |
| Cust. Charge 25,000+ CFH      | 132       | Bills  | 925.00        | 122,100      | 1,025.00       | 135,300      |          |
| Distribution Charge           | 3,159,320 | Therms | 0.241844      | 764,063      | 0.297805       | 940,861      |          |
| IIP Revenues                  |           |        |               | 21,581       |                | -            |          |
| Subtotal Distribution         |           |        |               | \$ 911,097   |                | \$ 1,079,791 |          |
| Compression Charge            | 242,282   | Therms | 0.656506      | 159,060      | 0.720000       | 174,443      |          |
| Total Base Revenues           |           |        |               | \$ 1,070,157 |                | \$ 1,254,235 | 17.2%    |

|                            |            |              | GLS       |               | GLS          |           |                     |
|----------------------------|------------|--------------|-----------|---------------|--------------|-----------|---------------------|
| <u>Gas Lights Service</u>  |            |              |           |               |              |           |                     |
| Yard Lights                | 36 Mantles | \$ 11.273265 | \$        | 4,870         | \$ 13.466071 | \$        | 5,817               |
| Street Lights              | 36 Mantles | 12.152738    |           | 5,250         | 14.516614    |           | 6,271               |
| IIP Revenues               |            |              |           | 233           |              |           | -                   |
| <b>Total Base Revenues</b> |            |              | <b>\$</b> | <b>10,353</b> |              | <b>\$</b> | <b>12,089 16.8%</b> |

|                            |    |        | ITS              |        | ITS              |              |  |
|----------------------------|----|--------|------------------|--------|------------------|--------------|--|
| <u>ITS</u>                 |    |        |                  |        |                  |              |  |
| Customer Charge            | 48 | Bills  | \$ 500.00        | 24,000 | \$ 575.00        | 27,600       |  |
| Distribution Charge - A    | -  | Therms | 0.078400         | -      | 0.128400         | -            |  |
| Distribution Charge - B    | -  | Therms | 0.143200         | -      | 0.193200         | -            |  |
| Distribution Charge - C    | -  | Therms | 0.203200         | -      | 0.253200         | -            |  |
| <b>Total Base Revenues</b> |    |        | <b>\$ 24,000</b> |        | <b>\$ 27,600</b> | <b>15.0%</b> |  |

|                                                |                       |                       |              |
|------------------------------------------------|-----------------------|-----------------------|--------------|
| <b>TOTAL SYSTEM BASE DISTRIBUTION REVENUES</b> | <b>\$ 434,345,557</b> | <b>\$ 509,055,985</b> | <b>17.2%</b> |
|------------------------------------------------|-----------------------|-----------------------|--------------|

|            |               |
|------------|---------------|
| Increase   | \$ 74,710,428 |
| Target     | 74,711,081    |
| Difference | (\$653)       |

DPY-4  
6&6

**SOUTH JERSEY GAS COMPANY**  
**Conservation Incentive Program Test Year Activity**  
**Summary of CIP Revenue Adjustment**

| Description                       | Actual<br>2025<br>April | Actual<br>2025<br>May | Actual<br>2025<br>June | Actual<br>2025<br>July | Actual<br>2025<br>August | Actual<br>2025<br>September | Forecast<br>2025<br>October | Forecast<br>2025<br>November | Forecast<br>2025<br>December | Budget<br>2026<br>January | Budget<br>2026<br>February | Budget<br>2026<br>March | Test Year<br>Total     |
|-----------------------------------|-------------------------|-----------------------|------------------------|------------------------|--------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|---------------------------|----------------------------|-------------------------|------------------------|
| <b>CIP Revenue Adjustment</b>     |                         |                       |                        |                        |                          |                             |                             |                              |                              |                           |                            |                         |                        |
| CIP Group 1 - RSG non-Heat        | \$ (23,181)             | \$ (47,676)           | \$ (7,411)             | \$ (17,009)            | \$ (996)                 | \$ (8,663)                  | \$ 19,625                   | \$ 819                       | \$ 69,700                    | \$ 43,543                 | \$ (16,462)                | \$ (9,073)              | \$ 3,217               |
| CIP Group 2 - RSG Heat            | \$ (2,004,988)          | \$ (3,519,891)        | \$ 725,009             | \$ (929,149)           | \$ (163,893)             | \$ (678,204)                | \$ (2,221,102)              | \$ 359,566                   | \$ (793,337)                 | \$ (2,238,616)            | \$ 1,084,469               | \$ (615,051)            | \$ (10,995,186)        |
| CIP Group 3 - GSG                 | \$ (560,931)            | \$ (1,149,604)        | \$ 330,320             | \$ (104,965)           | \$ 59,950                | \$ 452,549                  | \$ 180,108                  | \$ 93,815                    | \$ 38,258                    | \$ (681,425)              | \$ (170,343)               | \$ (219,327)            | \$ (1,731,595)         |
| CIP Group 4 - GSG-LV              | \$ (291,979)            | \$ (134,523)          | \$ 45,678              | \$ 58,513              | \$ 20,831                | \$ (47,896)                 | \$ (122,278)                | \$ (231,461)                 | \$ 214,749                   | \$ (238,305)              | \$ 66,808                  | \$ (132,378)            | \$ (792,241)           |
| Total Revenue                     | <u>\$ (2,881,078)</u>   | <u>\$ (4,851,694)</u> | <u>\$ 1,093,596</u>    | <u>\$ (992,610)</u>    | <u>\$ (84,108)</u>       | <u>\$ (282,214)</u>         | <u>\$ (2,143,646)</u>       | <u>\$ 222,738</u>            | <u>\$ (470,630)</u>          | <u>\$ (3,114,803)</u>     | <u>\$ 964,472</u>          | <u>\$ (975,828)</u>     | <u>\$ (13,515,806)</u> |
| Weather Related Dollars           | \$ (1,637,106)          | \$ (697,074)          | \$ -                   | \$ -                   | \$ -                     | \$ -                        | \$ -                        | \$ -                         | \$ -                         | \$ -                      | \$ -                       | \$ -                    | \$ (2,334,180)         |
| Total Non-Weather Related Dollars | <u>\$ (1,243,972)</u>   | <u>\$ (4,154,620)</u> | <u>\$ 1,093,596</u>    | <u>\$ (992,610)</u>    | <u>\$ (84,108)</u>       | <u>\$ (282,214)</u>         | <u>\$ (2,143,646)</u>       | <u>\$ 222,738</u>            | <u>\$ (470,630)</u>          | <u>\$ (3,114,803)</u>     | <u>\$ 964,472</u>          | <u>\$ (975,828)</u>     | <u>\$ (11,181,626)</u> |

Schedule DPY-5

**South Jersey Gas Company**  
**Derivation of Conservation Incentive Program Baseline Use-per-Customer**

|                                     | Forecast<br><u>Jan-26</u> | Forecast<br><u>Feb-26</u> | Forecast<br><u>Mar-26</u> | Forecast<br><u>Apr-26</u> | Forecast<br><u>May-26</u> | Forecast<br><u>Jun-26</u> | Forecast<br><u>Jul-26</u> | Forecast<br><u>Aug-26</u> | Forecast<br><u>Sep-26</u> | Forecast<br><u>Oct-26</u> | Forecast<br><u>Nov-26</u> | Forecast<br><u>Dec-26</u> | <u>Total</u>      |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------|
| <b><u>Group 1: RSG Non-Heat</u></b> |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                   |
| Customers                           | 8,943                     | 8,960                     | 8,978                     | 8,995                     | 9,012                     | 9,030                     | 9,048                     | 9,066                     | 9,084                     | 9,101                     | 9,118                     | 9,136                     | 108,471           |
| Therms                              | 366,663                   | 322,560                   | 215,472                   | 116,935                   | 99,132                    | 72,240                    | 90,480                    | 99,726                    | 99,924                    | 145,616                   | 209,714                   | 328,896                   | 2,167,358         |
| Baseline Use per Customer           | <u>41.00</u>              | <u>36.00</u>              | <u>24.00</u>              | <u>13.00</u>              | <u>11.00</u>              | <u>8.00</u>               | <u>10.00</u>              | <u>11.00</u>              | <u>11.00</u>              | <u>16.00</u>              | <u>23.00</u>              | <u>36.00</u>              | <u>240.00</u>     |
| Current Baseline                    | 35.70                     | 38.00                     | 25.10                     | 16.50                     | 13.90                     | 9.70                      | 10.30                     | 9.30                      | 11.40                     | 13.60                     | 22.90                     | 27.50                     | 233.90            |
| <b><u>Group 2: RSG Heat</u></b>     |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                   |
| Customers                           | 393,035                   | 393,495                   | 393,827                   | 393,798                   | 393,834                   | 394,132                   | 394,228                   | 394,336                   | 394,498                   | 394,860                   | 395,837                   | 396,908                   | 4,732,789         |
| Therms                              | 56,597,040                | 49,580,370                | 37,807,392                | 18,114,697                | 8,664,343                 | 5,123,713                 | 5,519,196                 | 5,520,708                 | 5,522,976                 | 10,661,227                | 28,896,119                | 46,041,357                | 278,049,135       |
| Baseline Use per Customer           | <u>144.00</u>             | <u>126.00</u>             | <u>96.00</u>              | <u>46.00</u>              | <u>22.00</u>              | <u>13.00</u>              | <u>14.00</u>              | <u>14.00</u>              | <u>14.00</u>              | <u>27.00</u>              | <u>73.00</u>              | <u>116.00</u>             | <u>705.00</u>     |
| Current Baseline                    | 150.20                    | 123.00                    | 97.70                     | 50.40                     | 29.00                     | 13.40                     | 13.60                     | 15.50                     | 14.50                     | 33.20                     | 72.00                     | 118.20                    | 730.70            |
| <b><u>Group 3: GSG</u></b>          |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                   |
| Customers                           | 27,652                    | 27,719                    | 27,778                    | 27,790                    | 27,797                    | 27,810                    | 27,823                    | 27,846                    | 27,871                    | 27,920                    | 28,021                    | 28,127                    | 334,155           |
| Therms                              | 19,047,493                | 16,457,407                | 13,938,399                | 7,552,302                 | 4,903,731                 | 3,401,126                 | 3,465,555                 | 3,935,994                 | 3,665,073                 | 5,536,825                 | 10,003,231                | 15,398,964                | 107,306,099       |
| Baseline Use per Customer           | <u>688.80</u>             | <u>593.70</u>             | <u>501.80</u>             | <u>271.80</u>             | <u>176.40</u>             | <u>122.30</u>             | <u>124.60</u>             | <u>141.30</u>             | <u>131.50</u>             | <u>198.30</u>             | <u>357.00</u>             | <u>547.50</u>             | <u>3,855.00</u>   |
| Current Baseline                    | 693.40                    | 577.80                    | 491.60                    | 286.90                    | 190.80                    | 112.00                    | 110.18                    | 123.30                    | 108.70                    | 181.90                    | 338.50                    | 524.20                    | 3,739.20          |
| <b><u>Group 4: GSG-LV</u></b>       |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                   |
| Customers                           | 173                       | 173                       | 173                       | 177                       | 177                       | 177                       | 177                       | 177                       | 177                       | 177                       | 177                       | 177                       | 2,112             |
| Therms - Previous                   | 4,916,263                 | 3,864,549                 | 3,527,119                 | 2,341,176                 | 1,273,989                 | 884,655                   | 882,250                   | 880,082                   | 877,914                   | 1,424,842                 | 2,827,718                 | 3,662,885                 | 27,363,442        |
| Baseline Use per Customer           | <u>28,417.70</u>          | <u>22,338.40</u>          | <u>20,388.00</u>          | <u>13,227.00</u>          | <u>7,197.70</u>           | <u>4,998.10</u>           | <u>4,984.50</u>           | <u>4,972.20</u>           | <u>4,960.00</u>           | <u>8,050.00</u>           | <u>15,975.80</u>          | <u>20,694.30</u>          | <u>156,203.70</u> |
| Current Baseline                    | 32,153.10                 | 21,291.20                 | 22,463.00                 | 15,655.60                 | 9,494.20                  | 5,206.30                  | 4,652.40                  | 6,225.30                  | 5,874.50                  | 9,871.90                  | 19,424.50                 | 17,494.60                 | 169,806.60        |

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES  
FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR25\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**ISAAC GABEL-FRANK**

**On Behalf of  
South Jersey Gas Company**

**Exhibit P-10**

**November 25, 2025**

## TABLE OF CONTENTS

|             |                                                                      |          |
|-------------|----------------------------------------------------------------------|----------|
| <b>I.</b>   | <b>INTRODUCTION.....</b>                                             | <b>1</b> |
| <b>II.</b>  | <b>COST-BENEFIT ANALYSIS METHODOLOGY .....</b>                       | <b>4</b> |
| <b>III.</b> | <b>COST-BENEFIT ANALYSIS INPUTS, ASSUMPTIONS, AND ANALYSIS .....</b> | <b>5</b> |
| <b>IV.</b>  | <b>CONCLUSIONS .....</b>                                             | <b>7</b> |



**SOUTH JERSEY GAS COMPANY  
DIRECT TESTIMONY OF  
ISAAC GABEL-FRANK**

**I.     INTRODUCTION**

**Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A.**     My name is Isaac Gabel-Frank and my business address is 417 Denison Street, Highland Park, New Jersey, 08904. I am presently employed as Co-CEO of Gabel Associates, Inc., an energy, environmental, and public utility consulting firm.

**Q.     PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.**

**A.**     With more than 15 years of experience, I perform specialized economic, financial, tariff, regulatory, and marketplace analysis for various energy projects including energy efficiency, renewable energy, cogeneration, and traditional generation sources. Through this work, I also monitor the electricity, natural gas, and renewable markets and offer tailored insights in that regard. Since beginning work at Gabel Associates, Inc. in 2009, I have evaluated a myriad of projects for both public and private clients and assisted in the analysis, development, and implementation for all types of technologies and contractual arrangements. This includes the development of proprietary models that evaluate the viability of projects, as well as long-term forecasts based on market signals and industry knowledge.

I use my knowledge of wholesale electricity and natural gas markets, paired with my experience working with retail tariffs, to deliver in-depth market forecasts which are used to assess and undertake project investment decisions. I am also versed on regional transmission organizations (“RTOs”) including the offering of energy efficiency, demand

1 response, renewable, and traditional generation resources into the PJM market, and was a  
2 lead contributor in the development of a proprietary statistical model that computes the risk  
3 exposure of capacity resources within the PJM and ISO-New England footprints.

4 I received a BA in Economics, Political Science, and English Writing from the  
5 University of Pittsburgh. Further work experience is detailed in my resume provided in the  
6 attached Schedule IGF -1.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

8 **A.** I am testifying on behalf of South Jersey Gas Company (“SJG” or “Company”).

9 **Q. PLEASE DESCRIBE YOUR EXPERIENCE CONDUCTING COST BENEFIT**  
10 **ANALYSES IN THE CONTEXT OF NATURAL GAS AND ELECTRIC UTILITY**  
11 **FILINGS IN NEW JERSEY AND OTHER MATTERS?**

12 **A.** Since 2017, I have prepared or assisted in the development of nearly a dozen cost-benefit  
13 analyses for consideration by the New Jersey Board of Public Utilities (“BPU” or “Board”).  
14 This includes development of cost-benefit analysis for Atlantic City Electric Company  
15 (“ACE”), Elizabethtown Gas Company (“ETG”), Jersey Central Power and Light  
16 Company (“JCP&L”), New Jersey Natural Gas Company (“NJNG”), Public Service  
17 Electric & Gas Company (“PSE&G”), and SJG.

18 I have also completed numerous cost-benefit analyses on energy projects for U.S.  
19 federal agencies, as a well as a multitude of counties, municipalities, and school districts  
20 within the State of New Jersey.

21 The projects I have analyzed range in type and size and represent an array of  
22 different technologies and configurations. Having performed these analyses for projects

1 with varying degrees of complexity, I am extremely familiar with the process and  
2 methodology to formulate an objective and balanced cost-benefit study.

3 **Q. PLEASE DESCRIBE THE PURPOSE OF THIS TESTIMONY.**

4 **A.** The purpose of this testimony is to present the methodology and results of a cost-benefit  
5 analysis conducted to determine the cost-effectiveness of SJG's Advanced Metering  
6 Technology ("AMT") investments. The assumptions, methodology, and findings of the  
7 cost-benefit analysis are also discussed and presented in the *Advanced Metering*  
8 *Technology Cost-Benefit Analysis* ("Report") prepared for SJG, which is included as  
9 Schedule IGF-2.

10 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE CIRCUMSTANCES**  
11 **THAT HAVE CREATED THE NEED FOR SJG TO EVALUATE THE COSTS**  
12 **AND BENEFITS OF AN AMT INVESTMENT AS COMPARED TO THE COSTS**  
13 **OF PERFORMING MANUAL METER READING.**

14 **A.** It is my understanding that SJG has previously conducted manual meter reading activities  
15 by dispatching meter readers to the homes and businesses throughout its service territory.  
16 Previously, these meter readers were employed by Millennium Account Services, a joint  
17 venture between SJG and Atlantic City Electric Company ("ACE"). In 2021, ACE  
18 received approval to install Advanced Metering Infrastructure ("AMI") for its customers.  
19 In 2024, ACE notified SJG that it would be terminating its participation in the joint venture  
20 at the end of 2024.

1 **Q. DID YOU CONDUCT A COST-BENEFIT ANALYSIS OF THE PROPOSED**  
2 **SOUTH JERSEY GAS AMT PROJECT?**

3 **A.** Yes. I prepared the cost-benefit analysis (Schedule IGF-2 attached hereto), with the help  
4 of others under my supervision, which calculates and evaluates the cost-effectiveness of  
5 the Company's AMT investments. Given the nature of the project and options considered,  
6 I used a Net Present Value ("NPV") approach to assess the current value of the total  
7 expected net costs associated with the AMT investment, and compared that with the NPV  
8 of an alternative option that would preserve manual-meter reading to conduct the same  
9 billing and other functions.

10 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

11 **A.** Based on a careful calculation of costs and benefits (as detailed in this testimony and  
12 Schedule IGF-2), I determined that the Company's proposed AMT project is  
13 approximately \$47 million less costly than the Manual Meter-Read case over the evaluation  
14 period.

15  
16 **II. COST-BENEFIT ANALYSIS METHODOLOGY**

17 **Q. PLEASE DESCRIBE YOUR APPROACH TO THE SJG AMT COST BENEFIT**  
18 **ANALYSIS.**

19 **A.** The cost-benefit analysis ("CBA") for the AMT investment is conducted using a  
20 comparative NPV approach over a 20-year study period. This method involves calculating  
21 the total expected costs and benefits of each option—continuing with manual meter reading  
22 or implementing the AMT solution—and then discounting those future cash flows to  
23 present value using SJG's approved Weighted Average Cost of Capital ("WACC").

1           The analysis accounts for both capital and operating costs, such as labor,  
2           equipment, cellular data charges, and installation expenses, as well as quantified benefits  
3           associated with AMT, including avoided labor costs, improved billing accuracy, reduced  
4           customer complaints, and environmental benefits from fewer truck rolls.

5           By comparing the NPV of net costs (total costs minus total benefits) for each option,  
6           the analysis identifies which alternative is the most cost-effective over the long term. The  
7           option with the lowest NPV of total costs—in this case, the AMT project—is determined  
8           to be the more economically beneficial solution for both SJG and its customers.

9   **Q.   HOW WERE COSTS DISCOUNTED TO PRESENT VALUE TERMS?**

10   **A.**   To discount costs (and benefits) to present value terms, I used SJG’s Commission-approved  
11           Weighted Average Cost of Capital (WACC) as the discount rate. This is standard practice  
12           in utility infrastructure evaluations, as it reflects the Company’s actual cost of capital —  
13           including both debt and equity — and ensures that future costs and benefits are  
14           appropriately valued in today’s dollars.

15  
16   **III.   COST-BENEFIT ANALYSIS INPUTS, ASSUMPTIONS, AND ANALYSIS**

17   **Q.   WHAT ASSUMPTIONS WERE MADE ABOUT FUTURE METER READING**  
18           **COSTS IF SJG CONTINUED USING MANUAL READS WITH A NEW VENDOR?**

19   **A.**   The analysis assumes that, following the termination of the Millenium joint venture at the  
20           end of 2024, SJG would have contracted with a new vendor. Several key cost assumptions  
21           of this counterfactual include: labor costs, vehicle costs, technology costs, facilities and  
22           lease expenses, overhead and support services, and emissions related costs or damages.  
23           These costs were estimated for the 20-year evaluation period to determine the total

1 estimated cost of the Manual Meter-Read Case scenario. Additional information on each  
2 of these costs is provided in Schedule IGF-2.

3 **Q. WHAT ARE THE MAJOR COST COMPONENTS INCLUDED IN THE AMT**  
4 **PROJECT ANALYSIS?**

5 **A.** The AMT case includes costs associated with the deployment and operation of the AMT  
6 infrastructure. These costs include installation, ongoing meter reading and system  
7 management, cellular data transmission, and vehicle emissions damages from installation-  
8 related truck rolls. It also accounts for continued manual reads for legacy meters during  
9 the transition and for a small number of customers who do not convert to AMT. Additional  
10 information on each of these costs is provided in Schedule IGF-2.

11 **Q. WHAT BENEFITS DID YOU CONSIDER IN THE COST-BENEFIT ANALYSIS?**

12 **A.** For the cost-benefit analysis, I quantified six distinct benefits related to AMT installation:

- 13 (1) Avoided To Dos;
- 14 (2) Improved Reliability;
- 15 (3) Call Center Savings;
- 16 (4) Reduced Letter Generation;
- 17 (5) Savings from Consecutive Estimates Process; and
- 18 (6) Fewer Write-Offs and Losses.

19 Each of these benefits is evaluated separately based upon the constituency of  
20 customers to which the benefits would accrue. In addition, there are a number of benefits  
21 which were not quantified, or were qualitative in nature, which should nonetheless be taken  
22 into consideration when evaluating the AMT. These include:

- 23 (1) Avoiding stranded assets;

- (2) Reducing installation times;
- (3) Improving the accuracy of meter reads; and
- (4) Minimizing service interruptions.

While these benefits were not explicitly quantified, they provide real value to customers and should be taken into consideration in the decision-making process.

**Q. DID YOU EVALUATE THE BENEFITS OF THE MANUAL METER READING OPTION?**

**A.** Not explicitly. In effect, the manual meter reading option represents a continuation of the status quo – meaning it would not create any specific benefits relative to how the Company conducted business prior to making any changes. Manual meter reading also does not enable any efficiency changes that are realized by the AMT option, such as reducing truck rolls, increasing the accuracy and reliability of meter reads or decreasing adverse issues related to billing.

**IV. CONCLUSIONS**

**Q. PLEASE SUMMARIZE THE RESULTS OF THE COST-BENEFIT ANALYSIS YOU CONDUCTED FOR SJG'S PROPOSED AMT.**

**A.** The analysis shows that implementing the AMT project would cost approximately \$120 million (NPV) over 20 years, compared to \$167 million (NPV) for continuing manual meter reading. This results in an estimated \$47 million in savings by implementing AMT. AMT also provides added benefits like improved accuracy, reduced truck rolls, and better customer service. Overall, AMT is expected to be the more cost-effective and efficient option.

1           Beyond cost savings, the analysis also demonstrates that AMT delivers significant  
2 operational benefits, including:

- 3           • Reduced customer complaints and billing disputes;
- 4           • Fewer truck rolls, lowering emissions and environmental impact;
- 5           • Improved system reliability and data accuracy; and
- 6           • Avoided costs associated with future fleet, equipment, and software  
7 replacements.

8           The study used conservative assumptions and excluded some harder-to-quantify  
9 benefits such as enhanced safety and customer satisfaction. This means the actual benefits  
10 of the AMT project could be even greater than those quantified in the analysis.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes. However, I reserve the right to update this testimony to account for additional  
13 information I may receive. Thank you.



## ISAAC GABEL-FRANK

732-296-0770

[isaac@gabelassociates.com](mailto:isaac@gabelassociates.com)

Highland Park, NJ 08904

### PROFESSIONAL PROFILE

With over 15 years in the energy industry, Mr. Gabel-Frank provides expert economic, financial, tariff, regulatory, and market analysis for both public and private sector clients. His work spans renewable and traditional energy sources, rate design, cost-of-service, incentive regulation, resource adequacy, and infrastructure and cost-benefit analysis.

**Gabel Associates, Inc.**  
*Co-Chief Executive Officer*  
*Associate, Sr. Associate, VP, SVP*

Highland Park, NJ  
Jul 2025 – Present  
Jan 2010 – Jun 2025

**University of Pittsburgh, Bachelor of Arts**  
*Economics, Political Science, and English Writing*

Pittsburgh, PA  
2009

### SELECTED NOTABLE PROJECTS and ANALYSIS

**Contributed** to analysis of MidAmerican Energy Company's 2024 RES process.

**Analyzed** and participated in Duke Energy Carolina's 2022 Carbon Plan. Developed alternative portfolios that reduced costs and overall emissions.

**Submitted** reports on behalf of Cleco Power before the LPSC evaluating the cost-effectiveness of participation in MISO.

**Conducted** feasibility analysis of multiple federal facilities to determine feasibility of solar, Cogen, and geothermal energy.

**Designed** evaluation and risk analysis tools for solar facilities in PJM and ISO-NE markets related to resource accreditation and capacity performance.

**Evaluated** solar feasibility and economics of utility-owned solar for large northeast electric utility.

**Reviewed** feasibility, cost, and economics of solar across the country for large manufacturing clients.

**Supported** development of the New Jersey's Council on the Green Economy: Green Jobs for a Sustainable Future Report.

**Assisted** in development of novel county led solar program for public entities.

**Developed** decoupling mechanism to recover foregone revenues associated with reductions in usage from energy efficiency.

**Examined** the benefits of offshore wind and contributed to the bid development of multiple offshore wind projects.

**Led** forecasting efforts of retail and wholesale rates with particular focus on cost-of-service, transmission formula rates, energy, and capacity markets.

**Supported** state-wide energy efficiency transition process that evaluated topics such as cost recovery, ratemaking, incentive structures, lost revenue mechanism.

### SELECTED EXPERT WITNESS REGULATORY CASES

**Virginia Electric and Power Company; State Corporation Commission; July 2025 (Docket No. PUR-2025-00058).**

**MidAmerican Energy Company; Iowa Utilities Commission; May 2025 (Docket No. RPU-2025-0001).**

**South Jersey Gas Company; New Jersey Board of Public Utilities; December 2023 (Docket No. QO23120870).**

**Elizabethtown Gas; New Jersey Board of Public Utilities; December 2023 (Docket No. QO23120869).**

**South Jersey Gas Company; New Jersey Board of Public Utilities; September 2020 (Docket No. GO20090618).**

**Elizabethtown Gas; New Jersey Board of Public Utilities; September 2020 (Docket No. GO20090619).**

**New Jersey Natural Gas Company; New Jersey Board of Public Utilities; March 2020 (Docket No. GR19020278).**

**Public Service Electric & Gas; New Jersey Board of Public Utilities; April 2019 (Docket No. GO18101112).**

**South Jersey Gas Company; New Jersey Board of Public Utilities; March 2018 (Docket No. GO18030350).**

**Elizabethtown Gas; New Jersey Board of Public Utilities; June 2018 (Docket No. GO18070682).**

# **Advanced Metering Technology Cost-Benefit Analysis**

---



**South Jersey Gas Company**

Gabel Associates, Inc.  
417 Denison Street  
Highland Park, NJ 08904  
732-296-0770  
[www.gabelassociates.com](http://www.gabelassociates.com)



**gabel associates**

## **Liability**

---

*Report and Analysis prepared at the request of South Jersey Gas Company. Gabel Associates is acting in a consulting capacity and any opinions, advice, forecasts, or analysis presented herein are based on Gabel Associates' professional judgment and do not constitute a guarantee. Gabel Associates shall not be liable for any impact, economic or otherwise, based on the information and reports provided and shall not be responsible for any direct, indirect, special or consequential damages arising under or in connection with the services and reports provided.*

## Table of Contents

---

|                                                       |           |
|-------------------------------------------------------|-----------|
| Liability .....                                       | i         |
| Table of Contents .....                               | ii        |
| Table of Figures .....                                | ii        |
| <b>1 INTRODUCTION.....</b>                            | <b>1</b>  |
| 1.1 Purpose of the Report.....                        | 1         |
| 1.2 Organization of the Report.....                   | 1         |
| <b>2 BACKGROUND AND OVERVIEW OF AMT .....</b>         | <b>3</b>  |
| <b>3 GENERAL APPROACH.....</b>                        | <b>4</b>  |
| <b>4 METHODOLOGY .....</b>                            | <b>5</b>  |
| <b>4.1 Costs.....</b>                                 | <b>5</b>  |
| 4.1.1 Manual Meter-Read Case Cost Estimate .....      | 6         |
| 4.1.1 AMT Case Cost Estimate .....                    | 7         |
| <b>4.2 Benefits.....</b>                              | <b>8</b>  |
| 4.2.1 Avoided To Dos.....                             | 8         |
| 4.2.2 Improved Reliability.....                       | 8         |
| 4.2.3 Call Center Savings.....                        | 8         |
| 4.2.4 Reduced Letter Generation.....                  | 9         |
| 4.2.5 Savings from Consecutive Estimates Process..... | 9         |
| 4.2.6 Fewer Write-Offs and Losses.....                | 9         |
| <b>5 RESULTS.....</b>                                 | <b>10</b> |
| <b>6 CONCLUSION .....</b>                             | <b>12</b> |

## Table of Figures

---

|                                                          |           |
|----------------------------------------------------------|-----------|
| <i>Figure 1. Net Cost of Manual Meter-Read Case.....</i> | <i>10</i> |
| <i>Figure 2. Net Cost of AMT Case .....</i>              | <i>10</i> |
| <i>Figure 3. Comparison of NPV Costs (\$NPV) .....</i>   | <i>11</i> |

# 1 INTRODUCTION

---

Gabel Associates, Inc. ("Gabel Associates") was retained by South Jersey Gas Company ("SJG" or the "Company") to undertake a Cost-Benefit Analysis ("CBA") of SJG's Advanced Metering Technology ("AMT") investments.

Gabel Associates is an energy, environmental and public utility consulting firm with its principal office in Highland Park, New Jersey. For over 30 years, the firm has provided highly focused and specialized energy consulting services and strategic insight to its clients. Gabel Associates has applied its expertise to improve outcomes for hundreds of clients involved in virtually every sector of the energy industry. The firm has built its reputation on its extensive knowledge and rigorous analysis of energy markets. We have successfully assisted public and private sector clients in implementing energy plans and projects that reduce costs and enhance environmental quality. The firm possesses strong economic, financial, project development, technical, and regulatory knowledge.

Firm personnel also serve as expert witnesses on a wide range of issues at the Federal Energy Regulatory Commission ("FERC") and at State Commissions, including those related to energy and capacity markets, ratemaking and tariff design, energy efficiency, reactive rates, interconnection, renewable energy, electric vehicles, and mergers/acquisitions. We have also completed numerous cost-benefit analyses for energy efficiency and infrastructure programs in New Jersey.

## 1.1 Purpose of the Report

---

This report contains a written summary of the analysis of the benefits and costs related to the SJG AMT project, including the methodology undertaken to estimate and compare the costs and benefits of the project versus rebuilding a manual meter-reading practice. The report also presents a comparison of estimated costs and benefits in order to provide the Board with an understanding of the anticipated cost-effectiveness of the project.

## 1.2 Organization of the Report

---

This report presents a cost-benefit analysis of the SJG AMT project. The analysis considers several benefits but is mostly focused on assessing the impacts of installing AMT

infrastructure. In the report, we present the overall results of the analysis and a discussion of how the Board should use the information presented herein.

The report is broken into the following sections:

1. Introduction
2. Background and Overview of AMT
3. General Approach
4. Methodology
5. Results
6. Conclusion

## 2 BACKGROUND AND OVERVIEW OF AMT

---

SJG conducts manual meter reading activities by dispatching meter readers to the homes and businesses throughout its service territory. Previously, these meter readers were employed by Millenium Account Services ("Millenium"), a joint venture between SJG and Atlantic City Electric Company ("ACE"). In 2021, ACE received approval to and began installing Advanced Metering Infrastructure ("AMI") for its customers.<sup>1</sup> Upon completion of the AMI roll-out, ACE notified SJG that they would be terminating their participation in the joint venture at the end of 2024.

In considering pathways forward for continuing accurate and reliable collection of customer meter data, and to avoid increased meter reading costs, SJG analyzed two options: (1) maintain the current practice of manual meter readings with a new meter reading contractor, or (2) implement AMT, which enables the automatic collection of usage data via a small transmitter attached to gas meters.

The AMT solution involves the installation of modules on existing SJG meters. These modules are 2-way communication devices that are retrofitted to a meter and communicate through a head-end system back to the utility. By retrofitting existing meters, SJG can avoid stranding assets, reduce installation times, improve the accuracy of meter reads, and minimize service interruptions. In total, SJG anticipates that the AMT solution will install over 426,000 devices.

<sup>1</sup> In the Matter of The Petition of Atlantic City Electric Company for Approval of the Smart Energy Network Program and Cost Recovery Mechanism and Other Related Relief. Decision and Order Approving Stipulation. Docket No. Eo20080541. [nj.gov/bpu/pdf/boardorders/2021/20210714/2A%20ORDER%20ACE%20AMI%20Filing.pdf](https://nj.gov/bpu/pdf/boardorders/2021/20210714/2A%20ORDER%20ACE%20AMI%20Filing.pdf)

### 3 GENERAL APPROACH

---

Gabel evaluated the two options considered by SJG, a continued manual meter-reading approach and an AMT solution, to determine the most beneficial and cost-effective approach. To compare these options, we calculated the Net Present Value ("NPV") of net costs, inclusive of benefits, for each option. In this type of analysis, the option with the lowest NPV of total costs is deemed the most cost beneficial.

This comparative NPV approach is consistent with the evaluation framework used by utilities when considering infrastructure investments and other projects.

The comparative NPV analysis shown here considers the total cost for the study period, in this case 20 years, and takes into account a variety of benefits, such as savings from reliability improvements and avoided labor costs. While safety-related benefits and benefits from some occurrences of reduced truck rolls do exist, they are not quantified in this analysis.



## 4 METHODOLOGY

---

Evaluating cost-effectiveness can take many different forms. Given the nature of the project and options considered, we used an NPV approach to assess the current value of the total expected net costs associated with each option, expressed in current year dollars. We also included additional benefits related to avoided labor and indirect costs often associated with manual meter-reading, particularly activities related to engaging customers to correct bill data inaccuracies.

A factor often ignored in these types of analyses is the impact of time on costs and benefits. Both costs and benefits are evaluated in present value terms; discounted at SJG's approved weighted-average cost of capital ("WACC"). In the case of the AMT project, while installation costs occur within the first three years, other benefits accrue over the life of the system.

Program benefits are calculated separately for each benefit type. Where applicable, each of the benefit values is escalated in nominal terms for the lifetime of the benefit. This provides a yearly cashflow of benefits, which is discounted to present value terms to evaluate against program costs.

Further explanation of each of the factors that comprise the cost-benefit analysis are summarized in greater detail below, with a specific emphasis on methodology and assumptions.

### 4.1 Costs

---

Each option considered in this analysis requires significant investment. In the AMT case, most investments occur in the first three years with lower operating costs continuing for the life of the assets. Conversely, the manual meter-read case requires high operating costs over time.

The Company provided the estimated investment cost and a schedule of when the AMT modules would likely be placed into service. Costs include those for contract labor, as well as installation costs, and AMT costs associated with software and cellular service, which is used as the basis of the cost comparison in the cost-benefit analysis.

#### 4.1.1 Manual Meter-Read Case Cost Estimate

---

SJG provided the costs and dates associated with the elements of costs summarized below. The Company estimates the 2024 cost of Millenium to conduct meter-reading (approximately \$4.7 million) would increase significantly to nearly \$11 million in 2025 and will continue to increase into the future. In addition, other costs such as hardware upgrades, software, lease fees, and overhead increase the cost of manual meter-reading.

Each of the costs included in the analysis is summarized below:

- **Manual Meter-Read Costs (remaining Millenium period and Hypothetical New Contractor):** The Millenium contract ceased in 2024. In 2025 meter-reading costs are presumed to include approximately 55 meter readers alongside 3 to 4 office staff. In addition, the current fleet of approximately 60 vehicles is nearing its end of useful life and thus would require SJG to upgrade the entire fleet. The handheld equipment utilized for meter reading is also at the end of its useful life and would need to be replaced.
- **Software Costs:** The new contractor meter-reading venture (replacing Millenium) would require software in order to accurately capture field reads conducted during manual meter reading, integration into customer databases, and supporting customer bill and read reporting. There would also be potential costs associated with platform upgrades.
- **Annual Lease Fees:** Millennium operated in four (4) locations serving the SJG and ACE territory. The leasing costs were passed through in the billing for meter reading. Going forward, SJG will still incur costs associated with two (2) leased locations for on-going manual meter reading services.
- **Annual Overhead:** Annual legal, HR, and support services, such as Information Technology support, are required to ensure employee matters are addressed, customer relations are maintained, and all platform and technology solutions are enabled to meet expectations.
- **Emissions Damages from Truck Rolls:** Manual meter-reading requires people to drive vehicles to each home or place of business to ascertain the usage of each facility. In 2022, meter readers drove more than 1.2 million miles, consuming nearly 77,000

gallons of fuel. Driving these vehicles releases harmful emissions into the environment and atmosphere that can be avoided through AMT. The monetary value of the damages associated with these truck rolls are included as a cost in the manual meter-read case. The quantity of total emissions is calculated using EPA conversion factors.<sup>2</sup>

<sup>3</sup> Emissions damages are calculated based on EPA Social Cost of GHG estimates.<sup>4</sup>

#### 4.1.1 AMT Case Cost Estimate

The AMT case includes installation costs for all AMT equipment, incremental ongoing meter reading costs associated with administering and managing the AMT hardware, cellular costs to retrieve the data, and vehicle emissions damages associated with the incremental truck rolls to install the AMT equipment. This case also includes meter-read costs for legacy meters until all AMT equipment is installed and operational as well as costs for a small number of customers that do not switch to AMT.

- **Manual Meter-Read Costs:** Under the AMT case, meter reading costs are necessary until all equipment is installed and operational. Costs in 2023 and 2024 mirror those in the manual meter reading case. Costs in 2025 are reduced due to implementation of AMT. Some customers will continue to receive manual meter reads and that cost is captured in the ongoing meter reading costs below.
- **Incremental Installation Costs:** Installation costs for AMT equipment, including labor and materials, were expected to amount to a total of \$87 million over a 3-year installation period.
- **Ongoing Meter Reading Cost:** Ongoing meter reading costs cover staff to manage the data collection and accuracy of the AMT system. It is also assumed that 1% of customers will still need to have their meters read (~4,000) in addition to troubleshooting, meter issues, and compliance activities. Ongoing meter reading costs are estimated at approximately \$1.3 million annually beginning in 2026.

<sup>2</sup> EPA Report on Emissions Factors, Table 10; Average of passenger car and light-duty truck (assuming a roughly equal mix of LDV cars and LDV trucks). See file "EPA GHG Emissions Factors March 2020"; assumed consistent after 2035.

<sup>3</sup> Argonne National Laboratory Study on Mobile Emissions, averaged for MY 2011-2020 vehicles. See file "ANL Vehicle Emission Factors (MOVES 2013)"; assumed consistent after 2035.

<sup>4</sup> EPA, *Supplementary Material for the Regulatory Impact Analysis for the Final Rulemaking, "Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review,"* EPA Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances (Nov. 2023). [epa.gov/system/files/documents/2023-12/epa\\_scghg\\_2023\\_report\\_final.pdf](https://epa.gov/system/files/documents/2023-12/epa_scghg_2023_report_final.pdf).

- **Cellular Costs:** Cellular costs cover the data link needed to retrieve information from the AMT devices and report it back to SJG. These costs are expected to scale up as AMT is rolled out and then depreciate over time until new equipment is needed in approximately ten years.
- **Vehicle Emissions Damages:** Vehicle emissions damages occur as a result of truck rolls associated with AMT installation activities. These damages only occur in 2023 through 2025, aligned with the installation period, and are quantified and monetized using the same values presented in the truck roll damages for the Manual Meter-Read case.

## 4.2 Benefits

---

The Company provided estimates for the time and avoided costs associated with each of the benefits. The benefits are focused on improvements resulting from the AMT case. Because the manual meter-read case is functionally the same as the Millenium contract, there are no assumed specific quantified benefits of the manual meter-read case in this analysis.

### 4.2.1 Avoided To Dos

---

Avoided To Dos refer to required actions triggered by data errors associated with manual meter reading. These errors, which are a common recurring reality for utilities using a manual meter reading approach, can include inaccurate high/low meter reads or missed reads. SJI estimates the AMT improvements will save more than \$130,000 annually beginning in 2026.

### 4.2.2 Improved Reliability

---

SJI estimates the AMT case will produce savings of \$150,000 annually in improved reliability benefits from more accurate system hydraulic modeling. SJG estimates the improved infrastructure and better customer usage data will avoid one unnecessary back feed installation per decade.

### 4.2.3 Call Center Savings

---

SJG anticipates a reduction in call volumes attached to processing meter read-related customer complaints, in turn allowing employees to address other customer concerns. Reductions related to these issues (roughly 800 hours annually) are expected in the call center,

customer walk-in centers, and complaint departments. This is estimated to save approximately \$30,000 per year beginning in 2026.

#### 4.2.4 Reduced Letter Generation

Benefits of improved AMT also include savings from avoided costs from a reduction in generation of letters to customers resulting from missed meter reads. These are expected to save \$70,000 annually starting in 2026 based on SJG estimates.

#### 4.2.5 Savings from Consecutive Estimates Process

The consecutive estimates process refers to efforts to resolve data issues in which lack of meter data results in customers being billed based on estimates for consecutive billing periods. SJG anticipates the consecutive estimate process could avoid close to 2,000 hours a year and result in \$74,000 in savings annually starting in 2026.

#### 4.2.6 Fewer Write-Offs and Losses

SJG estimates that more accurate and quicker billing will lead to reduced write-offs and losses. SJG anticipates that fewer write-offs and losses could result in approximately \$20,000 in savings annually starting in 2026.

## 5 RESULTS

Based upon the analysis detailed in Section 4 of this Report, we calculated the total benefits and costs associated with the SJG AMT project compared against the option to maintain manual meter-reading. Costs and benefits are calculated in nominal dollar terms, then adjusted to present value using a discount rate equal to the Company's WACC.

The figure below illustrates the build-up of net costs for the Manual Meter-Read case. Values are provided in nominal and NPV dollars, discounted to 2025.

*Figure 1. Net Cost of Manual Meter-Read Case*

| <b>Costs / (Benefits)</b>          | <b>Nominal</b>     | <b>NPV</b>         |
|------------------------------------|--------------------|--------------------|
| Manual Meter-Read Costs            | 285,204,406        | 165,536,036        |
| Emissions Damages from Truck Rolls | 2,233,160          | 1,269,119          |
| <b>Total Net Costs (\$)</b>        | <b>287,437,566</b> | <b>166,805,155</b> |

Between 2023 (which is when AMT installations began) and 2044, the Manual Meter-Read case is expected to have total nominal costs of \$287 million, with a NPV cost of \$167 million.

The figure below illustrates the build-up of net costs for the AMT case. Values are provided in nominal and NPV dollars, discounted to 2025. Note that benefits are represented as a negative value that reduces the total NPV cost of the option.

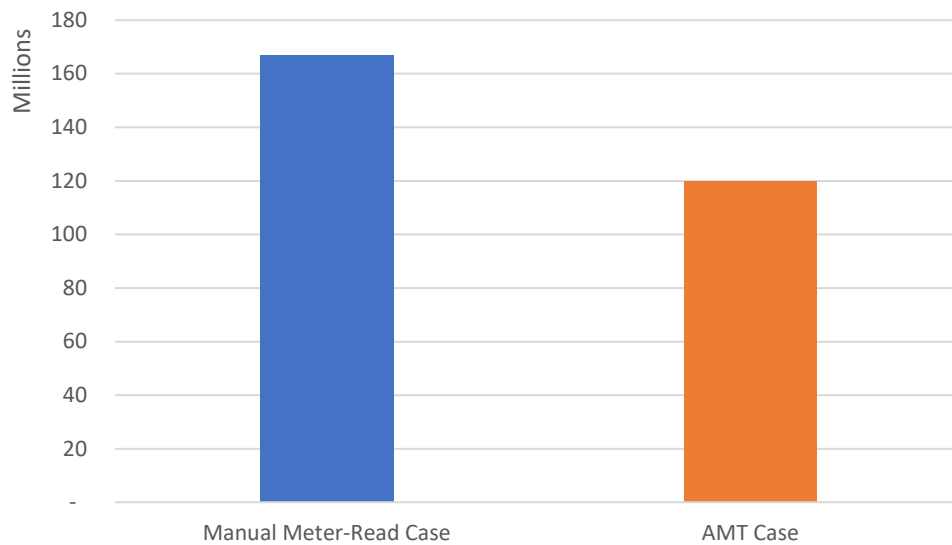
*Figure 2. Net Cost of AMT Case*

| <b>Costs / (Benefits)</b>                  | <b>Nominal</b>     | <b>NPV</b>         |
|--------------------------------------------|--------------------|--------------------|
| Manual Meter-Read Costs                    | 12,651,337         | 12,651,337         |
| Incremental Installation Costs             | 87,190,284         | 87,190,284         |
| Ongoing Meter Reading Cost                 | 29,196,476         | 15,979,540         |
| Cellular Costs                             | 16,812,674         | 9,848,994          |
| Vehicle Emissions Damages                  | 158,946            | 158,946            |
| Avoided ToDos                              | (2,983,532)        | (1,632,919)        |
| Improved Reliability                       | (3,426,084)        | (1,875,132)        |
| Call Center Savings                        | (664,167)          | (363,506)          |
| Reduced Letter Generation                  | (1,597,832)        | (874,510)          |
| Savings from Consecutive Estimates Process | (1,692,039)        | (926,071)          |
| Fewer Write-offs and Losses                | (467,857)          | (256,063)          |
| <b>Total Net Costs (\$)</b>                | <b>135,178,206</b> | <b>119,900,901</b> |

Between 2023 (which is when AMT installations began) and 2044, the AMT case is expected to have total nominal costs of \$135 million, with a NPV cost of \$120 million.

The figure below provides a visualization of the net present costs of each option in graphic form:

*Figure 3. Comparison of NPV Costs (\$NPV)*



The SJG AMT case is expected to save approximately \$47 million as compared to the Manual Meter-Read case over the evaluation period.

## 6 CONCLUSION

---

This report provides a methodology and analysis that reasonably calculates the costs and benefits associated with SJG's AMT project. From an NPV perspective, the costs of the AMT project are significantly less than those SJG would face were it to maintain its practice of manual meter-reading. When considering additional benefits related to avoided costs for the Company and customers, the SJG AMT project proves even more cost effective.

Overall, based on the findings of this analysis, the SJG AMT project is less costly than other options considered, and will result in savings for SJG customers.