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May 14, 2026

**VIA ELECTRONIC MAIL**

Sherri Lewis  
Board Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
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. GR25110627, OAL Docket No. PUC 00219-2026S**

Dear Secretary Lewis:

Enclosed please find South Jersey Gas Company's 12+0 Update and supporting documents, which have been filed electronically today in the above-referenced matter through the New Jersey Board of Public Utilities' ("Board" or "BPU") e-filing program.

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

Please direct any inquiries to the undersigned. Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in black ink that reads "Dominick DiRocco".

Dominick DiRocco

DD:clc

Enclosures

cc: Service List (w/Enclosure)

**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. GR25110627  
OAL DOCKET NO. PUC 00219-2026 S**

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BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :  
SOUTH JERSEY GAS COMPANY FOR :  
APPROVAL OF INCREASED BASE TARIFF : BPU DOCKET NO. GR25110627  
RATES AND CHARGES FOR GAS SERVICE, : OAL DOCKET NO. PUC 00219-2026S  
CHANGES TO DEPRECIATION RATES AND :  
OTHER TARIFF REVISIONS :

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12+0 Update

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May 14, 2026

12+0 UPDATE

Supplemental Direct Testimony & Schedules

of

C. L. Capozzoli

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SOUTH JERSEY GAS COMPANY FOR APPROVAL OF  
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**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

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

**On Behalf of  
South Jersey Gas Company**

**Exhibit P-3A**

**12 + 0 Update**

**May 14, 2026**

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**III. 12+0 UPDATE..... 4**

**SOUTH JERSEY GAS COMPANY  
SUPPLEMENTAL DIRECT TESTIMONY OF  
CINDY CAPOZZOLI**

1     **I.     INTRODUCTION**

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

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

5     **Q.     ARE YOU THE SAME CINDY CAPOZZOLI WHO PREVIOUSLY SUBMITTED**  
6     **PREPARED DIRECT TESTIMONY IN THIS PROCEEDING?**

7     **A.     Yes. I am.**

8

9     **II.    PURPOSE OF TESTIMONY**

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

12    **A.     The purpose of my supplemental direct testimony is to provide a 12+0 Update to South**  
13    **Jersey Gas Company’s (“SJG” or “Company”) rate filing in this proceeding. The**  
14    **Company’s 12+0 Update reflects actual data for the twelve months ending March 31, 2026,**  
15    **as well as updated forecasts of changes in certain capital expenditures through September**  
16    **30, 2026, and changes in certain revenues and expenses through December 31, 2026. In**  
17    **addition to my supplemental direct testimony, the Company’s 12+0 Update includes**  
18    **testimony and schedules of the Engineering Panel and Company witnesses John L.**  
19    **Houseman and Daniel P. Yardley.**

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

3 **A.** Yes. I am sponsoring the following Schedules, which were prepared or compiled under  
4 my direction and supervision:

- 5 • Schedule CLC-1 (12+0) – Revenue Requirement;
- 6 • Schedule CLC-2 (12+0) – Statement of Rate Base;
- 7 • Schedule CLC-3 (12+0) – Operating Income Statement;
- 8 • Schedule CLC-4 (12+0) – Summary of *Pro Forma* Adjustments to Operating Income;
- 9 and
- 10 • Schedule CLC-5 (12+0) – Derivation of Revenue Expansion Factor.

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

- 13 • Schedule CLC-6 (12+0) – Summary of Revenue and Cost of Gas Adjustments;
- 14 • Schedule CLC-7 (12+0) – Energy Efficiency Tracker (“EET”) Rider and  
15 Infrastructure Investment Program (“IIP”) Rider Adjustments;
- 16 • Schedule CLC-8 (12+0) – Transfer of IIP Revenues to Base Rates;
- 17 • Schedule CLC-9 (12+0) – Interruptible, Off-System Sales and Storage Incentive  
18 Mechanism Adjustments;
- 19 • Schedule CLC-10 (12+0) – Customer Annualization;
- 20 • Schedule CLC-11 (12+0) – Customer Counts;
- 21 • Schedule CLC-12 (12+0) – Sales From Post Test Year Utility Plant Additions;
- 22 • Schedule CLC-13 (12+0) – Contract Changes;

- 1       • Schedule CLC-14 (12+0) – Summary of O&M and Amortization Adjustments;
- 2       • Schedule CLC-15 (12+0) – Payroll Expense;
- 3       • Schedule CLC-16 (12+0) – Employee Benefits Expense;
- 4       • Schedule CLC-17 (12+0) – Allocated Service Company Salaries and Benefits
- 5       Expense;
- 6       • Schedule CLC-18 (12+0) – Other Annualized O&M Expenses;
- 7       • Schedule CLC-19 (12+0) – Energy Benchmarking of Commercial Buildings
- 8       Expenses;
- 9       • Schedule CLC-20 (12+0) – Excess Deferred Income Taxes (“EDIT”) Over-refund
- 10       Amortization;
- 11       • Schedule CLC-21 (12+0) – Rate Case Expenses;
- 12       • Schedule CLC-22 (12+0) – Pipeline Integrity Management Expense;
- 13       • Schedule CLC-23 (12+0) – Non-Pipeline Alternative Program Cost Amortization;
- 14       • Schedule CLC-24 (12+0) – Annual Expenses Related to Automated Metering
- 15       Technology (“AMT”);
- 16       • Schedule CLC-25 (12+0) – Annual Expenses Related to Meter Reading;
- 17       • Schedule CLC-26 (12+0) – Annualized Savings Adjustments;
- 18       • Schedule CLC-27 (12+0) – Annual Hydrogen Facility Costs;
- 19       • Schedule CLC-28 (12+0) – O&M Inflation Adjustment;
- 20       • Schedule CLC-29.1 (12+0) – Other Expenses - Revenue Taxes;
- 21       • Schedule CLC-29.2 (12+0) – Other Expenses - Public Utility Assessment (“PUA”)
- 22       Expense Adjustment;

- 1 • Schedule CLC-30.1 (12+0) – Working Capital Requirement (Test Year);
- 2 • Schedule CLC-30.2 (12+0) – Working Capital Requirement (Post-Test Year);
- 3 • Schedule CLC-31 (12+0) – Inventories and Materials & Supplies;
- 4 • Schedule CLC-32 (12+0) – Excess Accumulated Deferred Income Taxes (“ADIT”);
- 5 and
- 6 • Schedule CLC-33 (12+0) – Customer Deposits.

7

8 **III. 12+0 UPDATE**

9 **Q. WHAT IS THE COMPANY’S PROPOSED REVENUE REQUIREMENT AS**  
10 **REFLECTED IN THE 12+0 UPDATE?**

11 **A.** The Company’s proposed revenue requirement is \$71,709,973. This compares to a revenue  
12 requirement of \$67,801,289 reflected in the Company’s 9+3 Update and a revenue  
13 requirement of \$74,711,081 in the Company’s initial filing in this proceeding.

14 **Q. WHAT ARE THE COMPONENTS OF THE DIFFERENCE IN THE COMPANY’S**  
15 **REVENUE REQUIREMENT IN THE 12+0 UPDATE AS COMPARED TO THE**  
16 **9+3 UPDATE?**

17 **A.** The components of the revenue requirement difference are as follows:

18 (i) an increase in rate base of \$21.3 million resulting in an increase in required  
19 operating income of approximately \$1.7 million;

20 (ii) an increase in margin revenue of approximately \$1.9 million which reduces the  
21 Company’s revenue requirement;

22 (iii) an increase in operating expenses of approximately \$0.2 million;

- 1 (iv) an increase in the amortization of costs related to regulatory programs of
- 2 approximately \$0.7 million;
- 3 (v) an increase in depreciation & amortization expense of \$2.1 million attributable
- 4 to both the increase in rate base and the actualization of amounts for the first
- 5 quarter of 2026;
- 6 (vi) a decrease in other income & expense of \$0.1 million;
- 7 (vii) a decrease in income taxes of approximately \$0.4 million; and
- 8 (viii) a decrease in ratemaking adjustments, specifically after-tax 2020 & 2022 rate
- 9 case amortizations, of \$0.5 million.

10 The adjustments described above, as well as other minor adjustments, are grossed up by  
11 the proposed revenue factor as set forth on Schedule CLC-1 (12+0) to derive the difference  
12 in the revenue requirement increase reflected in the 12+0 Update.

13 **Q. HAS THE COMPANY FILED A SPECIAL CONTRACT UNDER SERVICE**  
14 **CLASSIFICATION EGS-LV WITH THE BOARD OF PUBLIC UTILITIES**  
15 **(“BOARD”) THAT IS REFLECTED IN THE DETERMINATION OF THE**  
16 **REVENUE REQUIREMENT IN THIS PROCEEDING?**

17 **A.** Yes. Schedule CLC-13 (12+0) reflects the Company’s proposed adjustments to operating  
18 income that are associated with a special contract filed by the Company in BPU Docket  
19 No. GR26020020. The Company has assumed that the special contract is approved by the  
20 Board on or before the date that rates are made effective in this proceeding. However, if  
21 the Company’s special contract were rejected by the Board, this result would have no  
22 meaningful impact on the revenue requirement in this proceeding, because the Customer’s  
23 current contract would remain in effect for the period that the rates established in this

1 proceeding would likely remain in effect. The primary effect of rejecting the proposed  
2 special contract would be that other customers would forgo the benefit of receiving  
3 additional revenues that would offset their responsibility for payment of non-base rate tariff  
4 charges such as the Societal Benefits Charge.

5 **Q. IN PREPARING THE 12+0 UPDATE, HAS THE COMPANY MADE ANY MAJOR**  
6 **CHANGES IN THE ASSUMPTIONS AND FORECAST METHODOLOGIES**  
7 **THAT WERE USED IN PREPARING THE COMPANY'S INITIAL FILING**  
8 **AND/OR 9+3 UPDATE?**

9 **A.** No. It has not.

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

11 **A.** Yes, it does.

**SOUTH JERSEY GAS COMPANY  
REVENUE REQUIREMENT**

<u>Line No.</u>			<u>REFERENCE</u>
1	Adjusted Rate base	\$ 2,935,885,853	CLC-2
2			
3	Rate of Return	<u>7.9600%</u>	
4			
5	Required Operating Income	\$ 233,696,514	
6			
7	Adjusted Net Operating Income	<u>\$ 182,912,752</u>	CLC-3
8			
9	Income Deficiency	\$ 50,783,762	
10			
11	Revenue Factor	<u>1.412065</u>	CLC-5
12			
13	Revenue Requirement	<u><u>\$ 71,709,973</u></u>	

**SOUTH JERSEY GAS COMPANY  
STATEMENT OF RATE BASE**

Line No.		ACTUAL	ADJUSTMENT	ADJUSTED	PRO FORMA	ADJUSTED	REFERENCE TO
		RATE BASE		RATE BASE		RATE BASE	
		March-26		March-26	ADJUSTMENT	September-26	SUPPORTING ADJUSTMENTS
1	Utility Plant In Service	\$ 4,363,890,589	\$ -	\$ 4,363,890,589	\$ 84,461,044	\$ 4,448,351,633	EP-1
2	Accumulated Depreciation & Amortization	\$ (907,123,113)	\$ -	\$ (907,123,113)	\$ (39,055,164)	\$ (946,178,277)	JLH-5
3	Non-Legal ARO	\$ (17,511,173)	\$ -	\$ (17,511,173)	\$ 358,591	\$ (17,152,583)	JLH-6
4							
5	Net Utility Plant	\$ 3,439,256,303	\$ -	\$ 3,439,256,303	\$ 45,764,470	\$ 3,485,020,772	
6							
7							
8	Materials & Supplies <sup>(1)</sup>	\$ 1,045,465	\$ -	\$ 1,045,465	\$ (0)	\$ 1,045,465	CLC-31
9	Gas Inventory: <sup>(1)</sup>						
10	Natural Gas Inventory	\$ 11,842,253	\$ -	\$ 11,842,253	\$ 1,644,096	\$ 13,486,349	CLC-31
11	LNG Inventory	\$ 2,075,387	\$ -	\$ 2,075,387	\$ (191,162)	\$ 1,884,226	CLC-31
12	Cash Working Capital	\$ 95,940,102	\$ 6,652,384	\$ 102,592,486	\$ 8,327,022	\$ 110,919,509	CLC-30.1 & 30.2
13	Customer Deposits <sup>(1)</sup>	\$ (5,673,762)	\$ -	\$ (5,673,762)	\$ (365,258)	\$ (6,039,020)	CLC-33
14	Customer Advances <sup>(1)</sup>	\$ (377,319)	\$ -	\$ (377,319)	\$ -	\$ (377,319)	CLC-2, WP
15	Deferred Income Taxes:						
16	Excess Protected ADIT	\$ (35,797)	\$ -	\$ (35,797)	\$ 23,867	\$ (11,930)	CLC-32
17	Excess ADIT (2017 TCJA)	\$ (123,795,878)	\$ -	\$ (123,795,878)	\$ 1,381,230	\$ (122,414,648)	CLC-32
19	Federal Income Tax	\$ (388,800,755)	\$ -	\$ (388,800,755)	\$ (4,345,782)	\$ (393,146,537)	JLH-7
20	NJ CBT	\$ (152,434,335)	\$ -	\$ (152,434,335)	\$ (2,046,679)	\$ (154,481,014)	JLH-8
21						\$0	
22							
23	Total Rate Base	\$ 2,879,041,664	\$ 6,652,384	\$ 2,885,694,049	\$ 50,191,804	\$ 2,935,885,853	

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

SOUTH JERSEY GAS COMPANY  
OPERATING INCOME STATEMENT

Line No.		12 MONTHS ACTUAL DATA	0 MONTHS PROJECTED DATA	TEST YEAR ENDED 3/31/2026	PRO FORMA ADJUSTMENTS	POST TEST YEAR ENDED 12/31/2026	REVENUE DEFICIENCY	PRO FORMA POST TEST YEAR ENDED 12/31/2026
1	Operating Revenues	\$ 848,938,345	\$ -	\$ 848,938,345	\$ (6,586,129)	\$ 842,352,215	\$71,709,973	\$ 914,062,188
2								
3	Operating Expenses:							
4								
5	Purchased Gas	\$ 306,297,818	\$ -	\$ 306,297,818	\$ 23,732,174	\$ 330,029,992	\$ -	\$ 330,029,992
6								
7	Operation & Maintenance Expense	\$ 120,888,908	\$ -	\$ 120,888,908	\$ (16,684,655)	\$ 104,204,253	\$ 876,316	\$ 105,080,569
8								
9	Amortization of Regulatory Programs	\$ 71,357,852	\$ -	\$ 71,357,852	\$ 5,633,162	\$ 76,991,014	\$ -	\$ 76,991,014
10								
11	Depreciation & Amortization Expense	\$ 113,999,499	\$ -	\$ 113,999,499	\$ 685,681	\$ 114,685,180	\$ -	\$ 114,685,180
12								
13	Other Income & Expense	\$ (2,568,696)	\$ -	\$ (2,568,696)	\$ -	\$ (2,568,696)	\$ -	\$ (2,568,696)
14								
15	Taxes Other Than Income Taxes	\$ 6,797,642	\$ -	\$ 6,797,642	\$ 126,079	\$ 6,923,721	\$ 192,725	\$ 7,116,446
16								
17	Excess Accumulated Deferred Tax Amortization	\$ -	\$ -	\$ -	\$ (1,405,086)	\$ (1,405,086)	\$ -	\$ (1,405,086)
18								
19	Federal Income Taxes & NJ CBT	\$ 44,859,669	\$ -	\$ 44,859,669	\$ (3,893,355)	\$ 40,966,314	\$ 19,857,166	\$ 60,823,480
20								
21	Total Net Operating Expenses	\$ 661,632,691	\$ -	\$ 661,632,691	\$ 8,194,001	\$ 669,826,692	\$ 20,926,207	\$ 690,752,899
22								
23	Net Operating Income	\$ 187,305,654	\$ -	\$ 187,305,654	\$ (14,780,131)	\$ 172,525,523	\$ 50,783,766	\$ 223,309,289
24								
25	Ratemaking Adjustment:							
26	Interest on Customer Deposits, AT	\$ 247,996	\$ -	\$ 247,996	\$ (47,784)	\$ 200,212	\$ -	\$ 200,212
27	2020 & 2022 Rate Case Amortizations, AT	\$ -	\$ -	\$ -	\$ (2,846,577)	\$ (2,846,577)	\$ -	\$ (2,846,577)
28	CIC Rate Credit, AT	\$ -	\$ -	\$ -	\$ (7,740,864)	\$ (7,740,864)	\$ -	\$ (7,740,864)
29								
30	Adjusted Net Operating Income	\$ 187,057,658	\$ -	\$ 187,057,658	\$ (4,144,906)	\$ 182,912,752	\$ 50,783,766	\$ 233,696,518
31								
32	Total Rate Base			\$ 2,885,694,049		\$ 2,935,885,853		\$ 2,935,885,853
33								
34	Return on Rate Base			6.48%		6.23%		7.96%
35								
36	Adjusted Net Income			\$ 121,840,972		\$ 116,561,732		\$ 167,345,498
37								
38	Return on Equity			7.41%		6.97%		10.00%

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

	<b>Pro Forma Adjustments</b>
<b>1. Operating Revenues (CLC-6)</b>	
(a) EET Rider Adjustment (CLC-6)	\$ (25,978,212)
(b) Infrastructure Investment Program ("IIP") Billed Revenue (CLC-7)	\$ (11,780,443)
(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)	\$ (14,496,983)
(e) Customer Annualization (CLC-10)	\$ 4,204,371
(f) Sales from Post Test Year Plant Additions (CLC-12)	\$ 1,085,567
(g) Contract Changes (CLC-13)	\$ 31,896,029
	\$ -
	<u>\$ (6,586,129)</u>
<b>2. Purchased Gas Costs (CLC-6)</b>	
(a) Adjust Purchased Gas Cost to Annualized Post Test Year (CLC-6)	\$ 23,732,174
	<u>\$ 23,732,174</u>
<b>3. Operation and Maintenance and Amortization Expenses (CLC-14)</b>	
<b>O&amp;M Expenses</b>	
(a) Remove EET Rider Expense (CLC-7)	\$ (3,481,932)
(b) Remove EET Rider Amortization (CLC-7)	\$ (11,116,880)
(c) Payroll Expense Adjustment (CLC-15)	\$ 493,506
(d) Benefits Expense Adjustment (CLC-16)	\$ 513,674
(e) Allocated Service Company Salary & Benefit Adjustment (CLC-17)	\$ 763,217
(f) Other O&M Adjustment (CLC-18)	\$ (3,976,591)
(g) Annual Benchmarking Expenses (CLC-19)	\$ 72,456
(h) Automated Metering Technology Costs (CLC-24)	\$ 1,288,008
(i) Meter Reading Costs (CLC-25)	\$ (487,439)
(j) Savings Adjustments (CLC-26)	\$ (3,305,597)
(k) Hydrogen Facility Costs (CLC-27)	\$ 160,300
(l) O&M Inflation Adjustment (CLC-28)	\$ 1,930,453
(m) Endur Allocation from SJI Energy Enterprises Group (SJES)	\$ 214,656
(n) Facility Expense Adjustment (JLH-10)	\$ 104,311
(o) Pension/OPEB Expense (JLH-11)	\$ 143,202
<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)	\$ 5,061,124
(t) Non-Pipeline Alternative Study Cost Amortization (CLC-23)	\$ 109,575
<b>Other Amortizations</b>	
(u) Pension/OPEB Amortization (JLH-11)	\$ 241,395
	<u>\$ (10,810,097)</u>
<b>4. Depreciation Expense (JLH-5)</b>	
(a) Annualize Test Year Depreciation Expense as of 3/31/26 with proposed depreciation rates	\$ (587,591)
(b) Annualize Post Test Year Depreciation Expense as of 9/30/26 with proposed depreciation rates	\$ 2,609,933
(c) Adjustment due to Decrease in Proposed Annual Net Negative Salvage Allowance	\$ (1,490,695)
(d) Adjustment due to Decrease in Non-Legal Asset Retirement Obligation (ARO) Credit	\$ (257,548)
(e) Adjustment due to Customer Contract Change	\$ 170,187
	<u>\$ 444,286</u>
<b>5. Taxes Other Than Income</b>	
(a) Payroll Tax Adjustment (CLC-15)	\$ 44,416
(b) Adjustment for PUA (CLC-29.1 & CLC-29.2)	\$ 81,663
	<u>\$ 126,079</u>
<b>6. Taxes - Income - Current</b>	
(a) Interest Synchronization (JLH-9)	\$ 1,750,732
(b) Income Tax effect of adjustments 1 - 5	\$ (5,644,086)
	<u>\$ (3,893,355)</u>

**SOUTH JERSEY GAS COMPANY**  
**DERIVATION OF REVENUE EXPANSION FACTOR**

---

**Line  
No.**

1	Additional Required Revenue Percentage		100.000%
2			
3	Percentage Adjustment for Uncollectible		1.222028%
4	BPU Assessments		0.218848%
5	Rate Counsel Assessments		0.049909%
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%	18.83%
14			
15	Revenue Expansion Factor - Percent		70.82%
16			
17	Revenue Expansion Factor - Whole Number		<b>1.412065</b>

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

Line No.		Therm Adjustments	Revenue Adjustments	Cost of Gas Adjustments	Reference
1	EET Rider Adjustment	N/A	\$ (25,978,212)	N/A	CLC-7
2					
3	Infrastructure Investment Program - Billed Revenue	N/A	\$ (11,780,443)	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	\$ (14,496,983)	\$ (8,752,571)	CLC-9
8					
9	Customer Annualization	\$ 232,607	\$ 4,204,371	\$ 1,663,787	CLC-10
10					
11	Sales from Post Test Year Plant Additions	\$ 51,688	\$ 1,085,567	\$ 498,249	CLC-12
12					
13	Contract Changes	\$ 16,942,923	\$ 31,896,029	\$ 30,322,709	CLC-13
14					
15					
16					
17	<b>Total Revenue and Cost of Gas Adjustments</b>	<b>\$ 17,227,217</b>	<b>\$ (6,586,129)</b>	<b>\$ 23,732,174</b>	

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

Line No.		2025	2025	2025	2025	2025	2025	2025	2025	2025	2026	2026	2026	TOTAL
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
		April	May	June	July	August	September	October	November	December	January	February	March	
1	EET Revenue Adjustment	\$ 1,823,192	\$ 1,923,047	\$ 2,247,246	\$ 1,980,770	\$ 2,286,218	\$ 2,235,760	\$ 2,294,690	\$ 2,099,268	\$ 2,516,163	\$ 2,374,650	\$ 2,176,776	\$ 2,020,433	\$ 25,978,212
2														
3	EET O&M Expenses Adjustment	\$ 179,792	\$ 276,976	\$ 502,057	\$ 216,844	\$ 455,991	\$ 408,096	\$ 354,626	\$ 191,312	\$ 483,754	\$ 330,092	\$ 131,075	\$ (48,683)	\$ 3,481,932
4														
5	EET Amortization Adjustment	\$ 744,062	\$ 751,955	\$ 825,272	\$ 847,717	\$ 892,314	\$ 907,662	\$ 970,363	\$ 969,970	\$ 1,034,735	\$ 1,047,916	\$ 1,055,148	\$ 1,069,767	\$ 11,116,880
6														
7	Infrastructure Investment Program ("IIP") Billed Revenue	\$ 804,068	\$ 407,792	\$ 273,846	\$ 238,195	\$ 226,866	\$ 234,017	\$ 262,307	\$ 527,094	\$ 1,489,024	\$ 2,523,326	\$ 2,823,658	\$ 1,970,250	\$ 11,780,443

**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			<b>\$ 81,353,565</b>	<b>\$ 8,483,542</b>

\* 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**

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Line No.		Test Year Ending 3/31/2026	Pro Forma Adjustment (Company Margin Share)	Adjusted Test Year
1	<b><u>Revenue</u></b>			
2	Interruptible	\$ 2,474,309	\$ (371,146)	\$ 2,103,163
3	Off-System Sales	\$ 94,172,245	\$ (14,125,837)	\$ 80,046,408
4	<b>Total Revenues</b>	<b>\$ 96,646,554</b>	<b>\$ (14,496,983)</b>	<b>\$ 82,149,571</b>
5				
6	<b><u>Cost of Gas</u></b>			
7	Interruptible	\$ 1,596,467	\$ (239,470)	\$ 1,356,997
8	Off-System Sales	\$ 53,754,003	\$ (8,063,100)	\$ 45,690,903
9	SIM	\$ 2,250,000	\$ (450,000)	\$ 1,800,000
10	<b>Total Cost of Gas</b>	<b>\$ 57,600,470</b>	<b>\$ (8,752,571)</b>	<b>\$ 48,847,900</b>

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

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Line 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)	152,989	\$3,004,259	\$1,204,786
4				
5	Non-Heating Sales Service (480.12)	<u>(2,907)</u>	<u>(\$71,076)</u>	<u>(\$18,481)</u>
6				
7	<b>Sub-Total</b>	<b>150,082</b>	<b>\$2,933,183</b>	<b>\$1,186,305</b>
8				
9				
10	<b><u>General Service (GSG)</u></b>			
11				
12	Commercial Non-Heating Sales Service (481.21)	(4,592)	(\$80,019)	(\$33,731)
13				
14	Commercial Heating Sales Service (481.31)	58,466	\$1,025,612	\$407,669
15				
16	Industrial Heating Sales Service (481.32)	2,646	\$41,573	\$19,389
17				
18	Transportation Commercial Non-Heating (489.821)	(890)	(\$10,568)	(\$2,624)
19				
20	Transportation Commercial Heating (489.831)	28,292	\$310,087	\$91,393
21				
22	Transportation Industrial Heating (489.832)	<u>(1,399)</u>	<u>(\$15,497)</u>	<u>(\$4,614)</u>
23				
24	<b>Sub-Total</b>	<b>82,524</b>	<b>\$1,271,188</b>	<b>\$477,482</b>
25				
26				
27	<b>Total Adjustment</b>	<b><u>232,607</u></b>	<b><u>\$4,204,371</u></b>	<b><u>\$1,663,787</u></b>



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

---

Line No.		Dt	Revenue	Cost of Gas
1	Residential Heat	35,641	\$ 715,431	\$ 337,993
2				
3	Residential Non-Heat	11,182	\$ 283,736	\$ 116,539
4				
5	General Service Commercial Heat	4,864	\$ 86,401	\$ 43,716
6				
7	<b>Pro-Forma Adjustment</b>	<b>51,688</b>	<b>\$ 1,085,567</b>	<b>\$ 498,249</b>

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

Line No.	Annual DT Sales <u>Adjustment</u>	Annual Revenue <u>Adjustment</u>	Cost of Gas <u>Adjustment</u>	Depreciation <u>Adjustment</u>	
1					
2					
3	EGS-LV Customers	16,942,923	\$ 31,896,029	\$ 30,322,709	\$ 170,187
4					
5	<b>Pro Forma Adjustment</b>	<u><u>16,942,923</u></u>	<u><u>\$ 31,896,029</u></u>	<u><u>\$ 30,322,709</u></u>	<u><u>\$ 170,187</u></u>
6					
7					

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

Line No.		<u>Amount</u>	<u>Reference</u>
	<b><u>O&amp;M Expenses</u></b>		
1	EET O&M Expenses Adjustment	\$ (3,481,932)	CLC-7
2			
3	EET Amortization Adjustment	\$ (11,116,880)	CLC-7
4			
5	Payroll Expense Adjustment	\$ 493,506	CLC-15
6			
7	Employee Benefits Expense Adjustment	\$ 513,674	CLC-16
8			
9	Allocated Service Company Costs	\$ 763,217	CLC-17
10			
11	Other O&M Adjustment	\$ (3,976,591)	CLC-18
12			
13	Annual Benchmarking Expenses	\$ 72,456	CLC-19
14			
15	Automated Metering Technology (AMT) Annual Costs	\$ 1,288,008	CLC-24
16			
17	Meter Reading Cost Adjustment	\$ (487,439)	CLC-25
18			
19	Savings Adjustments	\$ (3,305,597)	CLC-26
20			
21	Hydrogen Facility Costs	\$ 160,300	CLC-27
22			
25	Inflation Adjustment	\$ 1,930,453	CLC-28
26			
27	Endur Allocation from SJI Energy Enterprises Group (SJES)	\$ 214,656	JLH-5
28			
29	Facility Expense Adjustment	\$ 104,311	JLH-10
30			
31	Pension/OPEB Expense	\$ 143,202	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	\$ 5,061,124	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	\$ 241,395	JLH-11
46			
47	<b>Total O&amp;M and Amortization Adjustments</b>	<b><u>\$ (10,810,097)</u></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)	\$ 23,024,467	
4	Post Test Year Salary Increase (3%)	<u>\$ 581,117</u>	
5	Total Adjusted Payroll Expenses	\$ 23,605,584	
6			
7	Less: Test Year Payroll Expenses (Salary, AIP, Stock Awards)	\$ 23,112,077	
8			
9	Pro Forma Payroll Adjustment		\$ 493,506
10			
11	Payroll Tax Adjustment (9%)		\$ 44,416
12			
13	<b>Total Pro Forma Payroll Adjustment</b>		<b><u><u>\$ 537,922</u></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	\$ 6,242,225	
4	Post Test Year Employee Benefits Adjustment	<u>\$ 131,829</u>	
5	Total Adjusted Employee Benefits Expense	<u>\$ 6,374,054</u>	
6			
7	Less: Test Year Employee Benefits Expense	<u>\$ 5,860,379</u>	
8			
9	<b>Pro Forma Benefits Adjustment</b>		<b><u><u>\$ 513,674</u></u></b>

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

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Line No.			
1	<b><u>Allocated Service Company Salaries &amp; Benefits Expenses:</u></b>		
2			
3	Annualized Expenses	\$ 5,597,144	
4	Post Test Year Adjustment	<u>\$ 364,591</u>	
5	Total Adjusted Expense	<u>\$ 5,961,734</u>	
6			
7	Less: Test Year Expenses	<u>\$ 5,198,517</u>	
8			
9	<b>Pro Forma Allocated Expense Adjustment</b>		<b><u><u>\$ 763,217</u></u></b>

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

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**Line  
No.**

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

1	<b><u>Amounts</u></b>		
2	Membership Dues & Subscriptions	\$	(1,014,180)
3	Conferences and Seminars	\$	(218,796)
4	Entertainment Non-Deductible	\$	(140,616)
5	Meals and Entertainment	\$	(249,608)
6			\$ (1,623,201)
7	<b><u>Company Expense, Non-Recoverable Amounts</u></b>		
8	51350 - Membership Dues & Subscriptions	\$	(217,681)
9	51410 - Charitable Contributions	\$	(557,963)
10	51420 - Conferences and Seminars	\$	(25,769)
11	51420 - Meals	\$	(134,344)
12	51390 - Conversion Marketing	\$	(727,966)
13	51540 - Miscellaneous Operating Expense - Fines & Penalties & Other	\$	(192,346)
14	54320 - Intangible Asset Amortization	\$	(162,647)
15	54325 - Amortization Expense - Imputed Interest	\$	(32,384)
16			\$ (2,018,715)
17	<b><u>One-Time O&amp;M Costs in Test Year</u></b>		
18	51600 - Outside Services	\$	(329,221)
19	52210 - Management Fee Expense	\$	(5,454)
20			\$ (334,675)
21	<b>Total Pro-Forma Adjustment</b>		<b>\$ (3,976,591)</b>

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

---

<b>Line No.</b>			
1	<b><u>Energy Benchmarking of Commercial Buildings Expense</u></b>		
2			
3	Balance as of November 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		3
7	Annual Amortization	\$	<u>67,584</u>
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 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><u>\$ 144,979</u></b>

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

---

Line No.	Category	Expense
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 No.</b>		<b>Expense</b>
1	Pipeline Integrity Management Deferred Balance at March 31, 2026	<u>\$ 15,183,371</u>
2		
3	<b>Pro-Forma Adjustment - Three Year Amortization of Deferred Expense</b>	<b>\$ 5,061,124</b>

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

<u>Line No.</u>		
	<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><u>\$ 109,575</u></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.			
<u>1</u>	<b><u>Annual Expenses Related to AMT</u></b>		
2			
3	Annualized Expenses	\$ 1,814,671	
4			
5	Less: Test Year Amounts	<u>\$ 526,664</u>	
6			
7	<b>Pro-Forma Adjustment</b>		<b><u><u>\$ 1,288,008</u></u></b>

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

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Line No.			
1	<b><u>Annual Expenses Related to Meter Reading</u></b>		
2			
3	Annualized Expenses	\$ 569,901	
4			
5	Less: Test Year Amounts	<u>\$ 1,057,340</u>	
6			
7	<b>Pro-Forma Adjustment</b>		<b><u>\$ (487,439)</u></b>

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

---

<b>Line No.</b>			
1	SJI Non-Union Voluntary Retirement Program ("VRP")	\$ (2,097,952)	
2	SJG Union Voluntary Retirement Program ("VRP")	\$ (1,200,000)	
3	Procurement Savings	\$ (288,000)	
4		<u>\$ (3,585,952)</u>	
5			
6	Less: Test Year Amounts	\$ (1,361,625)	
7			
8	<b>Adjusted Savings</b>		<b>\$ (2,224,327)</b>
9			
10	<b>Remove VRP-Related One-Time Costs in Test Year</b>		<b>\$ (1,081,270)</b>
11			
12	<b>Pro Forma Annualized Savings Adjustment</b>		<b><u><u>\$ (3,305,597)</u></u></b>

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

---

<u>Line No.</u>			
1	<b><u>Annual Hydrogen Facility Costs</u></b>		
2			
3	Annualized Amount	\$ 165,300	
4			
5	Less: Test Year Amounts	<u>\$ 5,000</u>	
6			
7	<b>Pro-Forma Adjustment</b>		<b><u><u>\$ 160,300</u></u></b>

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

<u>Line 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	129.5
5	October 2025 Index-GDP	130.6
6	Midpoint Average	130.1
7		
8	GDP Implicit Price Deflator Index Value at the End of the Post-Test Year:	
9	November 2026 Index-GDP	134.3
10	December 2026 Index-GDP	134.6
11	Midpoint Average	134.5
12		
13	Projected Inflation Rate	3.38%
14		
15	<u>Calculation of O&amp;M Inflation Adjustment</u>	
16		
17	Post Test Year Total O&M Expenses	\$ 105,080,569
18		
19	Less: Normalizing Adjustments	
20	(a) Annualization of Payroll	\$ 23,024,467
21	(b) Annualization of Benefits	\$ 6,242,225
22	(c) Annualization of Allocated Service Company Costs	\$ 5,597,144
23	Total Normalizing Adjustments	\$ 34,863,836
24		
25	Less: Items Not Subject to Inflation	
26	(a) Uncollectible Expenses	\$ 11,369,769
	(b) Pension/OPEB Expense	\$ 1,788,909
27	Total Items Not Subject to Inflation	\$ 13,158,679
28		
29	Residual O&M Expenses	\$ 57,058,054
30		
31	Inflation Rate	3.38%
32		
33	<b>Pro Forma Adjustment to O&amp;M Expense</b>	<b>\$ 1,930,453</b>

**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	\$	(25,978,212)
4			
5	Interruptible Sales Revenue Adjustment	\$	(371,146)
6			
7	Customer Annualization	\$	4,204,371
8			
9	Sales from Post Test Year Plant Additions	\$	1,085,567
10			
11	Contract Changes	\$	31,896,029
12			
13	Total Revenue Adjustment	<u>\$</u>	<u>10,836,608</u>
14			
15	PUA Tax Rate		<u>0.268756%</u>
16			
17	<b>Pro Forma Adjustment to PUA Taxes</b>	<u>\$</u>	<u>29,124</u>

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

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<u>Line No.</u>	<u>BPU Assessment</u>	<u>Ratepayer Advocate Assessment</u>	<u>Total</u>
1 Intrastate Revenues	\$ 632,811,411	\$ 632,811,411	
2 Estimated Assessment Rate (%)	0.218848%	0.049909%	0.268756%
3			
4 Estimated Assessment	\$ 1,384,892	\$ 315,828	\$ 1,700,720
5			
6 Less: Assessment included in Test Year Operating Expenses	\$ 1,302,791	\$ 345,390	\$ 1,648,181
7			
8 <b>Pro Forma Adjustment to PUA Taxes</b>	<b>\$ 82,101</b>	<b>\$ (29,561)</b>	<b>\$ 52,539</b>

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**SOUTH 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	\$ 306,297,818	\$ 839,172	61.67	(37.67)	24.00	\$ 20,140,131
3	Regular Payroll	\$ 19,666,889	\$ 53,882	61.67	(11.96)	49.71	\$ 2,678,469
4	Variable Compensation	\$ 3,445,188	\$ 9,439	61.67	(235.87)	(174.20)	\$ (1,644,251)
5	Pension	\$ 1,404,313	\$ 3,847	61.67	(2.41)	59.26	\$ 227,999
6	Employee Benefits	\$ 5,860,379	\$ 16,056	61.67	(45.55)	16.12	\$ 258,820
7	Uncollectible Accounts Expense	\$ 9,694,491	\$ 26,560	61.67	(945.29)	(883.62)	\$ (23,469,168)
8	Affiliate Services	\$ 39,953,372	\$ 109,461	61.67	(40.36)	21.31	\$ 2,332,620
9	New Jersey Clean Energy Program	\$ 8,883,951	\$ 24,340	61.67	(105.30)	(43.63)	\$ (1,061,936)
10	Utility Location Markout Services	\$ 4,769,077	\$ 13,066	61.67	(53.65)	8.02	\$ 104,789
11	Bank Service Fees	\$ 1,479,264	\$ 4,053	61.67	(11.60)	50.07	\$ 202,923
12	Motor Vehicle	\$ 1,517,258	\$ 4,157	61.67	(15.78)	45.89	\$ 190,759
13	Meter Reading Services	\$ 1,041,969	\$ 2,855	61.67	(45.00)	16.67	\$ 47,588
14	Insurance	\$ 2,331,715	\$ 6,388	61.67	0.00	61.67	\$ 393,964
15	Other O&M Expenses	\$ 20,841,041	\$ 57,099	61.67	(41.05)	20.62	\$ 1,177,376
16	Total O&M Expenses	\$ 427,186,726					\$ 1,580,081
17							
18	Other Income & Expense	\$ (2,568,696)	\$ (7,038)	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	\$ 30,496,915	\$ 83,553	61.67	(37.50)	24.17	\$ 2,019,480.63
23	State Income Tax	\$ 14,362,754	\$ 39,350	61.67	46.75	108.42	\$ 4,266,328.25
24	Total Federal Income Taxes	\$ 44,859,669					\$ 6,285,808.88
25							
26	Taxes Other Than Income Taxes						
27	PUA and Ratepayer Advocate	\$ 1,648,181	\$ 4,516	61.67	(75.87)	(14.20)	\$ (64,121)
28	Other Taxes Other Than Income Taxes	\$ 5,149,461	\$ 14,108	61.67	(35.86)	25.81	\$ 364,130
29	Taxes Other Than Income Taxes	\$ 6,797,642					\$ 300,009
30							
31	Depreciation and Amortization Expense	\$ 113,999,499	\$ 312,327	61.67	0.00	61.67	\$ 19,261,230
32							
33	Amortization of Regulatory Programs	\$ 71,357,852	\$ 195,501	61.67	(61.67)	0.00	\$ -
34							
35	Interest Expense						
36	Interest on Long-Term Debt	\$ 69,355,023	\$ 190,014	61.67	0.00	61.67	\$ 11,718,149
37	Interest on Short-Term Debt	-	-	61.67	0.00	61.67	\$ -
38	Interest on Customer Deposits	247,996	679	61.67	(260.89)	(199.22)	\$ (135,358)
39	Total Interest Expense	\$ 69,603,019					\$ 11,582,791
40							
41	Return	\$ 117,702,635	\$ 322,473	61.67	0.00	61.67	\$ 19,886,908
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	\$ 848,938,345					\$ 102,592,486

**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	\$ 330,029,992	\$ 904,192	61.67	(37.67)	24.00	\$ 21,700,602
3	Regular Payroll	\$ 16,854,799	\$ 46,178	61.67	(11.96)	49.71	\$ 2,295,485
4	Variable Compensation	\$ 3,445,188	\$ 9,439	61.67	(235.87)	(174.20)	\$ (1,644,251)
5	Pension	\$ 1,788,909	\$ 4,901	61.67	(2.41)	59.26	\$ 290,440
6	Employee Benefits	\$ 6,374,054	\$ 17,463	61.67	(45.55)	16.12	\$ 281,506
7	Uncollectible Accounts Expense	\$ 10,570,807	\$ 28,961	61.67	(945.29)	(883.62)	\$ (25,590,620)
8	Affiliate Services	\$ 40,716,590	\$ 111,552	61.67	(40.36)	21.31	\$ 2,377,180
9	New Jersey Clean Energy Program	\$ 8,883,951	\$ 24,340	61.67	(105.30)	(43.63)	\$ (1,061,936)
10	Utility Location Markout Services	\$ 4,769,077	\$ 13,066	61.67	(53.65)	8.02	\$ 104,789
11	Bank Service Fees	\$ 1,479,264	\$ 4,053	61.67	(11.60)	50.07	\$ 202,923
12	Motor Vehicle	\$ 1,517,258	\$ 4,157	61.67	(15.78)	45.89	\$ 190,759
13	Meter Reading Services	\$ 554,530	\$ 1,519	61.67	(45.00)	16.67	\$ 25,326
14	Insurance	\$ 2,331,715	\$ 6,388	61.67	0.00	61.67	\$ 393,964
15	Other O&M Expenses	\$ 6,065,787	\$ 16,619	61.67	(41.05)	20.62	\$ 342,675
16	Total O&M Expenses	\$ 435,381,921					\$ (91,159)
17							
18	Other Income & Expense	\$ (2,568,696)	\$ (7,038)	61.67	(61.67)	0.00	-
19							
20	Income Taxes						
21	Excess Deferred Tax Amortization	\$ (1,405,086)	\$ (3,850)	61.67	0.00	61.67	\$ (237,402)
22	Federal Income Taxes	\$ 41,296,293	\$ 113,141	61.67	(37.50)	24.17	\$ 2,734,607
23	State Income Tax	\$ 19,448,804	\$ 53,284	61.67	46.75	108.42	\$ 5,777,094
24	Total Income Taxes	\$ 59,340,011					\$ 8,274,299
25							
26	Taxes Other Than Income Taxes						
27	PUA and Ratepayer Advocate	\$ 1,840,906	\$ 5,044	61.67	(75.87)	(14.20)	\$ (71,619)
28	Other Taxes Other Than Income Taxes	\$ 5,082,815	\$ 13,926	61.67	(35.86)	25.81	\$ 359,418
29	Taxes Other Than Income Taxes	\$ 6,923,721					\$ 287,799
30							
31	Depreciation and Amortization Expense	\$ 114,685,180	\$ 314,206	61.67	0.00	61.67	\$ 19,377,082
32							
33	Amortization of Regulatory Programs	\$ 76,991,014	\$ 210,934	61.67	(61.67)	0.00	\$ -
34							
35	Interest Expense						
36	Interest on Long-Term Debt	\$ 66,351,020	\$ 181,784	61.67	0.00	61.67	\$ 11,210,596
37	Interest on Short-Term Debt	\$ -	\$ -	61.67	0.00	61.67	\$ -
38	Interest on Customer Deposits	\$ 200,212	\$ 549	61.67	(260.89)	(199.22)	\$ (109,277)
39	Total Interest Expense	\$ 66,551,232					\$ 11,101,318
40							
41	Return	\$ 167,345,494	\$ 458,481	61.67	0.00	61.67	\$ 28,274,511
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	Total Other Working Capital						\$ 43,695,658
58							
59	After-Tax Ratemaking Adjustments	\$ (10,587,441)	\$ (29,007)	0.00	0.00	0.00	-
60							
61	Total Working Capital Requirement	\$ 914,062,435	\$ 947,577				\$ 110,919,509

**SOUTH JERSEY GAS COMPANY  
INVENTORIES AND MATERIALS & SUPPLIES  
AS OF MARCH 31, 2026**

Line No.		Actual Mar-25	Actual Apr-25	Actual May-25	Actual Jun-25	Actual Jul-25	Actual Aug-25	Actual Sep-25	Actual Oct-25	Actual Nov-25	Actual Dec-25	Actual Jan-26	Actual Feb-26	Actual Mar-26	13 Month AVERAGE	
1	<b>Natural Gas</b>															
3		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	13 Month	
4	Actual - As of March 2026	\$ 3,405,608	\$ 6,625,537	\$ 9,060,200	\$ 11,345,109	\$ 13,220,188	\$ 15,418,089	\$ 17,391,550	\$ 19,610,305	\$ 18,837,903	\$ 16,375,651	\$ 12,001,581	\$ 6,741,177	\$ 3,916,397	\$ 11,842,253	
6		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	13 Month	
8	Actuals - TY End March 2026	\$ 3,405,608	\$ 6,625,537	\$ 9,055,600	\$ 11,345,109	\$ 13,220,188	\$ 15,418,089	\$ 17,391,550	\$ 19,610,305	\$ 18,837,903	\$ 16,375,651	\$ 12,001,581	\$ 6,741,177	\$ 3,916,397	\$ 11,841,900	
11		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	13 Month	
12	Forecast - PTY End September 2026	\$ 17,391,550	\$ 19,610,305	\$ 18,837,903	\$ 16,375,651	\$ 12,001,581	\$ 6,741,177	\$ 3,916,397	\$ 6,210,179	\$ 8,795,308	\$ 11,582,990	\$ 14,721,660	\$ 17,943,511	\$ 21,194,330	\$ 13,486,349	
15	<b>Liquefied Natural gas</b>															
16		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	13 Month	
17	Actual - As of March 2026	\$ 2,057,919	\$ 2,319,429	\$ 2,326,110	\$ 2,313,471	\$ 2,293,873	\$ 2,268,910	\$ 2,258,985	\$ 2,643,288	\$ 2,407,054	\$ 2,438,297	\$ 1,129,014	\$ 1,300,247	\$ 1,223,439	\$ 2,075,387	
19		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	13 Month	
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	\$ 2,643,288	\$ 2,407,054	\$ 2,438,297	\$ 1,129,014	\$ 1,300,247	\$ 1,195,586	\$ 2,073,245	
23		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	13 Month	
25	Forecast - PTY End September 2026	\$ 2,258,985	\$ 2,643,288	\$ 2,407,054	\$ 2,438,297	\$ 1,129,014	\$ 1,300,247	\$ 1,223,439	\$ 1,804,102	\$ 1,822,102	\$ 1,840,102	\$ 1,858,102	\$ 1,876,102	\$ 1,894,102	\$ 1,884,226	
27	<b>Materials and Supplies*</b>															
28		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	13 Month	
29		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	
30	Actual - As of March 2026	\$ 1,051,643	\$ 1,051,643	\$ 1,048,727	\$ 1,043,926	\$ 1,043,926	\$ 1,043,926	\$ 1,043,926	\$ 1,043,926	\$ 1,043,926	\$ 1,043,926	\$ 1,043,848	\$ 1,043,848	\$ 1,043,848	\$ 1,045,465	
32	*No Forecast -average of latest 13 months actual used as a proxy															
35		<b>Total Actual Inventories as of:</b>											<b>Mar-26</b>	<b>\$ 14,963,105</b>		
37		<b>Total Forecasted Inventories as of:</b>											<b>Mar-26 - Test Year Ending</b>	<b>\$ 14,960,609</b>		
38		<b>Total Forecasted Inventories as of:</b>											<b>Sep-26 - Post Test Year Ending</b>	<b>\$ 16,416,040</b>		

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

Line No.		Excess ADIT Liability Depreciation-related (ARAM)	Deficient ADIT Asset NOL RSGM	Total Reg Liab		Pre TCJA	Total with 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		<u>\$ 162,170,607</u>	<u>\$ (30,568,632)</u>	<u>\$ 131,601,975</u>		<u>\$ 193,835</u>	<u>\$ 131,795,810</u>
8	Monthly reversals, January-December 2024			\$ -	\$	\$ -	\$ -
9	Jan-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
10	Feb-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
11	Mar-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
12	Apr-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
13	May-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
14	Jun-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
15	Jul-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
16	Aug-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
17	Sep-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
18	Oct-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
19	Nov-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
20	Dec-24	\$ (466,546)	\$ 88,955	\$ (377,591)		\$ (6,088)	\$ (383,679)
21	Estimated excess ADIT reversals 2024	\$ (5,598,553)	\$ 1,067,459	\$ (4,531,094)		\$ (73,058)	\$ (4,604,152)
22	<b>Excess ADIT Balance December 31, 2024</b>	<u>\$ 156,572,054</u>	<u>\$ (29,501,173)</u>	<u>\$ 127,070,881</u>		<u>\$ 120,777</u>	<u>\$ 127,191,658</u>
23				\$ -	\$	\$ -	\$ -
24	Monthly reversals, January-December 2025			\$ -		\$ -	\$ -
25	Jan-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
26	Feb-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
27	Mar-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
28	Apr-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
29	May-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
30	Jun-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
31	Jul-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
32	Aug-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
33	Sep-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
34	Oct-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
35	Nov-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
36	Dec-25	\$ (303,345)	\$ 87,978	\$ (215,366)		\$ (6,088)	\$ (221,454)
37	Estimated excess ADIT reversals 2025	\$ (3,640,134)	\$ 1,055,740	\$ (2,584,394)		\$ (73,058)	\$ (2,657,452)
38	<b>Excess ADIT Balance December 31, 2025</b>	<u>\$ 152,931,920</u>	<u>\$ (28,445,433)</u>	<u>\$ 124,486,487</u>		<u>\$ 47,719</u>	<u>\$ 124,534,206</u>
39							
40	Monthly reversals, January-December 2026						
41	Jan-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
42	Feb-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
43	Mar-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
44	Apr-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
45	May-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
46	Jun-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
47	Jul-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
48	Aug-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
49	Sep-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
50	Oct-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
51	Nov-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
52	Dec-26	\$ (318,183)	\$ 87,978	\$ (230,204)		\$ (3,977)	\$ (234,181)
53	Estimated excess ADIT reversals 2026	\$ (3,818,192)	\$ 1,055,740	\$ (2,762,452)		\$ (47,719)	\$ (2,810,171)
54	<b>Excess ADIT Balance December 31, 2026</b>	<u>\$ 149,113,728</u>	<u>\$ (27,389,693)</u>	<u>\$ 121,724,035</u>		<u>\$ -</u>	<u>\$ 121,724,035</u>
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 \$ (3,684,649)	\$ 1,055,740	\$ (2,628,909)		\$ (66,723)	\$ (2,695,632)
62							
63	Protected Balance at March 31, 2026:						
64	Balance 4/1/25 (calculated from above)	B \$ 155,662,021	\$ (29,237,238)	\$ 126,424,783		\$ 102,513	\$ 126,527,295
65							
66	Test Year Reversal	C (from A above) \$ (3,684,649)	\$ 1,055,740	\$ (2,628,909)		\$ (66,723)	\$ (2,695,632)
67	Protected Balance at March 31, 2026:	<b>B+C=D</b> \$ 151,977,372	\$ (28,181,498)	\$ 123,795,874		\$ 35,789	\$ 123,831,663
68							
69	Post Test Year Reversal	\$ (1,909,096)	\$ 527,870	\$ (1,381,226)		\$ (23,860)	\$ (1,405,086)
70	Protected Balance at September 30, 2026	<u>\$ 150,068,276</u>	<u>\$ (27,653,628)</u>	<u>\$ 122,414,648</u>		<u>\$ 11,930</u>	<u>\$ 122,426,578</u>

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

Line No.	Month	Actual and Projected Data	Number of Customers	Number of Customers with Deposits	Percentage of Customers with Deposits	Average Deposit Per Customer	Rate Base for Customer Deposits	Current Interest Rate	Total Monthly Interest	
1										
2										
3										
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	Actual	425,667	24,475	5.75%	\$232	\$ 5,682,761	5.24%	\$ 27,577	
12	Nov-25	Actual	425,754	24,673	5.80%	\$230	\$ 5,685,549	5.24%	\$ 23,033	
13	Dec-25	Actual	429,304	24,220	5.64%	\$236	\$ 5,708,040	5.24%	\$ 28,916	
14	Jan-26	Actual	430,036	24,456	5.69%	\$238	\$ 5,817,629	4.25%	\$ 30,390	
15	Feb-26	Actual	430,473	24,889	5.78%	\$243	\$ 6,039,591	4.25%	\$ 23,719	
16	Mar-26	Actual	430,980	25,798	5.99%	\$243	\$ 6,267,263	4.25%	\$ 23,010	
17	Apr-26	Projected	430,800	25,805	5.99%	\$243	\$ 6,268,944	4.25%	\$ 21,898	
18	May-26	Projected	430,905	25,811	5.99%	\$243	\$ 6,270,465	4.25%	\$ 22,634	
19	Jun-26	Projected	431,400	25,841	5.99%	\$243	\$ 6,277,668	4.25%	\$ 21,929	
20	Jul-26	Projected	431,580	25,852	5.99%	\$243	\$ 6,280,295	4.25%	\$ 22,669	
21	Aug-26	Projected	431,784	25,864	5.99%	\$243	\$ 6,283,256	4.25%	\$ 22,680	
22	Sep-26	Projected	432,032	25,879	5.99%	\$243	\$ 6,286,865	4.25%	\$ 21,961	
23	Oct-26	Projected	432,500	25,907	5.99%	\$243	\$ 6,293,675	4.25%	\$ 22,718	
24	Nov-26	Projected	433,627	25,974	5.99%	\$243	\$ 6,310,075	4.25%	\$ 22,042	
25	Dec-26	Projected	434,978	26,055	5.99%	\$243	\$ 6,329,734	4.25%	\$ 22,848	
26										
31										
32	<b>Rate Base Test Year Adjustment</b>			<b>Rate Base PTY Pro-Forma Adjustment</b>				<b>Income Statement Interest Pro-Forma Adjustment</b>		
33								Pre Tax	After-Tax	
34										
35			<i>13 mo average</i>			<i>13 mo average</i>		Actual	\$ 344,966	\$ 247,996
36	Actual Ending March 31, 2026	\$ 5,673,762		Projected Ending March 31, 2026		\$ 5,673,762		Projected	\$ -	\$ -
37								Test Year Interest	\$ 344,966	\$ 247,996
38	Projected Ending March 31, 2026	\$ 5,673,762		Projected Ending September 30, 2026		\$ 6,039,020		Post Test Year Annualized Interest	\$ 278,498	\$ 200,212
39										
40	<b>Test Year Adjustment</b>	\$ -		<b>Pro-Forma PTY Adjustment</b>		\$ 365,258		<b>Pro-Forma Adjustment After Taxes</b>	\$ (66,468)	\$ (47,784)

12+0 UPDATE

Supplemental Direct Testimony & Schedules

of

Engineering Panel

**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. GR25110627**

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**THE ENGINEERING PANEL**

**JONATHAN OLIVA  
BRIAN J. RITZ**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-4A**

**12 + 0 Update**

**May 14, 2026**

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**SOUTH JERSEY GAS COMPANY  
SUPPLEMENTAL DIRECT TESTIMONY OF  
THE ENGINEERING PANEL**

1 **I. INTRODUCTION**

2 **Q. PLEASE INTRODUCE THE MEMBERS OF THE PANEL.**

3 **A.** The members of the Engineering Panel are Jonathan Oliva and Brian J. Ritz.

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

5 **A.** [Mr. Oliva] My name is Jonathan Oliva. I am a Director of Engineering Services for South  
6 Jersey Gas Company (“SJG” or the “Company”). My business address is One South Jersey  
7 Place, Atlantic City, New Jersey 08401.

8 [Mr. Ritz] My name is Brian J. Ritz. I am Senior Director, Field & Construction Operations  
9 for SJG. My business address is One South Jersey Place, Atlantic City, New Jersey 08401.

10 **Q. ARE YOU THE SAME JONATHAN OLIVA AND BRIAN J. RITZ WHO**  
11 **PREVIOUSLY SUBMITTED PREPARED DIRECT TESTIMONY IN THIS**  
12 **PROCEEDING?**

13 **A.** Yes. We are.

14

15 **II. PURPOSE OF TESTIMONY**

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

17 **A.** The purpose of our supplemental direct testimony is to provide a 12+0 Update to SJG’s  
18 rate filing in this proceeding. The Company’s 12+0 Update reflects actual data for the  
19 twelve months ending March 31, 2026, as well as updated forecasts of changes in certain  
20 capital expenditures through September 30, 2026 and changes in certain revenues and  
21 expenses through December 31, 2026.

1 **Q. DO YOU SPONSOR ANY SCHEDULES AS PART OF YOUR SUPPLEMENTAL**  
2 **DIRECT TESTIMONY?**

3 **A.** Yes. We are sponsoring the following schedules, supporting the Company’s capital  
4 expenditures included in rate base, which were prepared by us or under our supervision or  
5 direction:

- 6 • Schedule EP-1 (12+0) – Utility Plant in Service (“UPIS”);
- 7 • Schedule EP-1.1 (12+0) – IIP Adjustments to UPIS;
- 8 • Schedule EP-2 (12+0) – Test Year Plant Additions;
- 9 • Schedule EP-2.1 (12+0) – Test Year Large Projects;
- 10 • Schedule EP-3 (12+0) – Post-Test Year Plant Additions; and
- 11 • Schedule EP-4 (12+0) – Post-Test Year Large Projects.

12  
13 **III. 12+0 UPDATE**

14 **Q. WHAT DOES THE INFORMATION PROVIDED ON THESE SCHEDULES SET**  
15 **FORTH?**

16 **A.** The information provided reflects actual results for the twelve months ending March 31,  
17 2026 as well as updated forecast information where appropriate. This information has been  
18 provided to Company witness Cindy Capozzoli to prepare the Company’s 12+0 Update.

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

20 **A.** Yes. It does.

**SOUTH JERSEY GAS COMPANY  
STATEMENT OF RATE BASE  
UTILITY PLANT IN SERVICE ("UPIS")**

<u>Line No.</u>			<u>Reference</u>
1			
2	<b>Actual UPIS as of 3/31/26</b>	<b>\$4,448,958,030</b>	CLC-2
3	IIP Removal - 7/1/24 to 3/31/26	\$ (85,067,441)	EP-1.1
4	Projected Test Year Plant Additions	\$ -	EP-2
5	Projected Test Year Large Projects	\$ -	EP-2.1
6	Projected Test Year Plant Retirements	\$ -	EP-2
7	Total Projected Test Year Net Plant Additions	<u>(\$85,067,441)</u>	
8			
9	<b>Actual UPIS at 3/31/26</b>	<b><u>\$4,363,890,589</u></b>	
10			
11	Projected Post Test Year Plant Additions	\$ 67,688,476	EP-3
12	Projected Post Test Year Plant Retirements	\$ (18,006,137)	EP-3
13	Projected Post Test Year Large Projects	\$ 34,778,704	EP-4
14	Total Projected Post Test Year Net Plant Additions	<u>\$ 84,461,044</u>	
15			
16	<b>Projected Post Test Year Ending UPIS at 9/30/26</b>	<b><u><u>\$ 4,448,351,633</u></u></b>	

SOUTH JERSEY GAS COMPANY  
STATEMENT OF RATE BASE  
IIP ADJUSTMENTS TO UPIS  
PROFORMA ADJUSTMENTS TO MARCH 31, 2026 RATE BASE

Cumulative  
Mains  
Services  
68,150,061  
16,917,379  
85,067,441

No. Line	Jul-24 ACTUAL	Aug-24 ACTUAL	Sep-24 ACTUAL	Oct-24 ACTUAL	Nov-24 ACTUAL	Dec-24 ACTUAL	Jan-25 ACTUAL	Feb-25 ACTUAL	Mar-25 ACTUAL	Apr-25 ACTUAL	May-25 ACTUAL	Jun-25 ACTUAL	Jul-25 ACTUAL	Aug-25 ACTUAL	Sep-25 ACTUAL	Oct-25 ACTUAL	Nov-25 ACTUAL	Dec-25 ACTUAL	Jan-26 ACTUAL	Feb-26 ACTUAL	Mar-26 ACTUAL
1	Monthly in Service Actuals																				
2	\$ 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	\$ 3,223,542	\$ 1,259,639	\$ 4,197,264	\$ 3,828,199	\$ 2,850,426	\$ 4,306,637
3	\$ 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	\$ 700,353	\$ 44,442	\$ 1,200,486	\$ 1,333,709	\$ 574,758	\$ 729,270
4																					
5	Cumulative Year 3 & Year 4 IIP Removed from EP-1 and JIH-5																				
6	\$ 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	\$ 51,707,896	\$ 52,967,535	\$ 57,164,799	\$ 60,992,998	\$ 63,843,424	\$ 68,150,061
7	\$ 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	\$ 13,034,714	\$ 13,079,156	\$ 14,279,642	\$ 15,613,351	\$ 16,188,109	\$ 16,917,379
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	\$64,742,610	\$66,046,691	\$71,444,441	\$76,606,349	\$80,031,534	\$85,067,441

**SOUTH JERSEY GAS COMPANY  
TEST YEAR PLANT ADDITIONS  
PROFORMA ADJUSTMENTS TO MARCH 31, 2026 RATE BASE**

Line No.	Pre-Test Year CWIP Actual 2025	April Actual 2025	May Actual 2025	June Actual 2025	July Actual 2025	August Actual 2025	September Actual 2025	October Actual 2025	November Actual 2025	December Actual 2025	January Actual 2026	February Actual 2026	March Actual 2026	Total Test Year Including Carryover Total	EP-2.1 TY Large Projects	EP-4 PTY Large Projects	Total Test Year, excluding Large Projects	TY Projected Months Only
<b>1 New Business</b>																		
2 Mains	\$ 95	\$ 2,769,781	\$ 1,646,766	\$ 1,845,864	\$ 2,910,714	\$ 794,019	\$ 1,548,284	\$ 5,217,682	\$ 2,845,358	\$ 2,633,391	\$ 2,975,233	\$ 1,280,473	\$ 2,367,439	\$ 28,805,149	-	-	28,805,149	-
3 Services	\$ -	\$ 2,371,466	\$ 2,401,017	\$ 2,233,138	\$ 2,063,022	\$ 1,856,865	\$ 1,793,093	\$ 2,065,702	\$ 4,166,529	\$ 2,671,285	\$ 2,598,114	\$ 1,990,730	\$ 1,651,115	\$ 28,062,076	-	-	28,062,076	-
4 Meters	\$ 101	\$ 2,343,915	\$ 1,308,946	\$ 1,628,815	\$ 2,298,745	\$ 779,188	\$ 268,592	\$ 441,801	\$ 589,923	\$ 710,316	\$ 1,069,736	\$ 1,662,947	\$ 1,067,140	\$ 14,170,165	-	-	14,170,165	-
5 Regulators	\$ -	\$ 136,211	\$ 121,959	\$ 165,346	\$ 140,689	\$ 94,119	\$ 131,563	\$ 107,562	\$ 184,999	\$ 67,829	\$ 128,499	\$ 320,992	\$ 99,107	\$ 1,593,994	-	-	1,593,994	-
<b>6 Total New Business</b>	\$ 196	\$ 7,623,373	\$ 5,478,708	\$ 5,873,163	\$ 7,413,190	\$ 3,524,209	\$ 3,741,542	\$ 7,827,748	\$ 7,786,809	\$ 6,082,821	\$ 6,769,681	\$ 3,325,143	\$ 7,184,802	\$ 72,631,384	-	-	72,631,384	-
7 Improvement Mains	\$ -	\$ 42,910	\$ 6,680	\$ (37,372)	\$ (105)	\$ 13,842	\$ 147,587	\$ 5,780	\$ 26,820	\$ 177,111	\$ 183,892	\$ 120,179	\$ 82,605	\$ 769,930	-	-	769,930	-
<b>10 Replacements</b>																		
11 Replacement Mains	\$ 946,244	\$ 2,034,975	\$ 2,893,024	\$ 3,894,258	\$ 3,731,457	\$ 2,286,522	\$ 2,631,644	\$ 2,527,863	\$ 1,554,453	\$ 1,880,125	\$ 3,030,512	\$ (1,269,134)	\$ 2,762,016	\$ 28,903,961	-	-	28,903,961	-
12 Replacement Services	\$ (38)	\$ 1,472,028	\$ 852,398	\$ 1,080,923	\$ 1,136,470	\$ 824,442	\$ 919,082	\$ 1,235,195	\$ 708,976	\$ 512,654	\$ 470,667	\$ 275,577	\$ (176,870)	\$ 9,311,499	-	-	9,311,499	-
13 Leak Clearing	\$ -	\$ 255,848	\$ 200,502	\$ 161,179	\$ 230,641	\$ 262,134	\$ 269,408	\$ 172,001	\$ 211,545	\$ 211,617	\$ 266,221	\$ 384,408	\$ 224,973	\$ 2,910,554	-	-	2,910,554	-
14 Replacement Meters	\$ -	\$ 357,346	\$ 249,923	\$ 131,485	\$ 130,520	\$ 160,340	\$ 130,191	\$ 68,511	\$ 803,588	\$ 148,601	\$ 260,533	\$ 368,710	\$ 183,404	\$ 2,993,152	-	-	2,993,152	-
15 Replacement Regulators	\$ -	\$ 302,074	\$ 197,353	\$ 445,392	\$ 274,587	\$ 88,946	\$ 18,172	\$ 88,946	\$ 420,555	\$ (18,329)	\$ 304,459	\$ 371,476	\$ (32,965)	\$ 3,118,569	-	-	3,118,569	-
<b>16 Total Replacements</b>	\$ 946,206	\$ 4,422,272	\$ 4,453,200	\$ 5,713,238	\$ 5,503,676	\$ 3,591,609	\$ 4,039,271	\$ 4,424,124	\$ 3,260,232	\$ 3,015,469	\$ 4,441,395	\$ (725,780)	\$ 4,152,821	\$ 47,237,734	-	-	47,237,734	-
<b>19 Automotive Equipment</b>	\$ 2,725,806	\$ 255,029	\$ 237,853	\$ 9,682	\$ 80,349	\$ 1,367,287	\$ 962,317	\$ 101,239	\$ 107,538	\$ 1,865,271	\$ 5,627	\$ 16,467	\$ 9,370	\$ 7,743,834	-	-	7,743,834	-
<b>22 Production Equipment</b>	\$ 18,635,525	\$ 3,446,822	\$ 628,472	\$ 513,066	\$ 621,830	\$ 241,997	\$ 607,569	\$ 766,787	\$ 188,270	\$ 359,887	\$ 30,229	\$ 294,834	\$ 433,648	\$ 26,768,937	7,474,417	19,041,514	253,006	-
<b>24 Transmission Equipment</b>	\$ 9,284,280	\$ 1,546,999	\$ 104,840	\$ (395,252)	\$ 105,872	\$ 200,926	\$ 681,846	\$ 1,947,590	\$ 3,703,972	\$ 7,372,506	\$ 378,761	\$ 2,821,729	\$ 338,846	\$ 28,092,913	23,663,143	83,823	4,345,948	-
<b>25 Distribution Equipment</b>	\$ 1,492,170	\$ 859,293	\$ 2,108,937	\$ 5,841,411	\$ 4,061,403	\$ 3,193,606	\$ 1,744,223	\$ 1,697,157	\$ 3,167,024	\$ 2,588,681	\$ 3,438,812	\$ 1,193,357	\$ 2,917,752	\$ 34,303,827	24,890,787	8,223,624	1,189,416	-
<b>28 Building Improvements</b>	\$ 893,533	\$ 90,066	\$ 253,312	\$ 437,518	\$ 786,857	\$ 712,087	\$ 1,274,645	\$ 874,582	\$ 1,101,950	\$ 2,529,450	\$ 373,644	\$ 447,401	\$ 132,913	\$ 9,807,959	6,527,924	-	3,380,035	-
<b>30 Cathodic Protection</b>	\$ 18,833	\$ 40,031	\$ 43,140	\$ 73,751	\$ 77,630	\$ 94,039	\$ 42,828	\$ 23,310	\$ 141,033	\$ 348,797	\$ 44,472	\$ 122,206	\$ 31,306	\$ 1,101,377	-	-	1,101,377	-
<b>32 Information Technology</b>	\$ 12,979,377	\$ 9,670,698	\$ 7,296,638	\$ 4,338,712	\$ 5,438,833	\$ 2,733,871	\$ 3,262,002	\$ 2,499,094	\$ 2,009,319	\$ 2,262,141	\$ 1,400,610	\$ 522,484	\$ 426,947	\$ 54,848,727	16,609,874	-	38,778,853	-
<b>33 TOTAL S&amp;G Capex</b>	\$ 46,975,927	\$ 28,095,494	\$ 20,611,778	\$ 23,367,918	\$ 24,089,535	\$ 15,673,474	\$ 16,503,831	\$ 20,167,409	\$ 21,492,968	\$ 26,602,134	\$ 17,067,123	\$ 8,138,019	\$ 15,711,010	\$ 283,406,621	78,626,144	27,348,961	177,431,516	-
<b>35 Total Retirements</b>	\$ -	\$ (1,230,834)	\$ (2,562,467)	\$ (4,076,724)	\$ (3,109,035)	\$ (1,255,522)	\$ (3,553,378)	\$ (462,094)	\$ (1,213,816)	\$ (5,665,218)	\$ (2,223,772)	\$ (8,167,142)	\$ (2,660,941)	\$ (36,180,944)	-	-	-	-
<b>36 Total</b>	\$ 46,975,927	\$ 26,774,660	\$ 18,049,311	\$ 18,291,193	\$ 20,980,501	\$ 14,417,951	\$ 12,950,453	\$ 19,705,316	\$ 20,279,152	\$ 20,936,917	\$ 14,843,351	\$ (70,123)	\$ 13,050,069	\$ 247,225,677	\$ 78,626,144	\$ 27,348,961	\$ 177,431,516	\$ -
<b>37</b>																		
<b>38</b>																		
<b>39</b>																		
<b>40</b>																		
<b>41</b>																		
<b>42</b>																		
<b>43</b>																		
<b>44</b>																		
<b>45</b>																		
<b>46</b>																		

**CALCULATION OF AMOUNT ON EP-1**  
 TY PROJECTED MONTHS ONLY 0  
 LESS: EP-2.1 TY PROJECTED MONTHS ONLY 0  
 LESS: EP-4 TY PROJECTED MONTHS ONLY 0  
**0**

**SOUTH JERSEY GAS COMPANY  
TEST YEAR LARGE PROJECTS  
PROFORMA ADJUSTMENTS TO MARCH 31, 2026 RATE BASE**

Line No.	FERC	Project Name	TYPE	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	Production Equipment	5/28/2025	\$ 5,629,730	\$ -	\$ 5,629,730	\$ -	\$ 5,629,730
2	392000	202199 2025 CNG Dispenser Replacement Project	Production Equipment	11/3/2025	\$ 1,844,687	\$ -	\$ 1,844,687	\$ -	\$ 1,844,687
3	367100	201951 Cape May Lateral Replacement	Transmission Equipment	5/16/2025	\$ 8,509,939	\$ -	\$ 8,509,939	\$ -	\$ 8,509,939
4	369000	201586 RCV Installation Phase IV	Transmission Equipment	12/19/2025	\$ 2,052,638	\$ -	\$ 2,052,638	\$ -	\$ 2,052,638
5	367100	202426 - Woodbury Line Phase V	Transmission Equipment	3/20/2026	\$ 13,100,566	\$ -	\$ 13,100,566	\$ 143,689	\$ 13,244,255
6	376100	201509 - Lawnside Line - ACX to Monroe Station Offset -2024	Distribution Equipment	8/27/2025	\$ 5,655,833	\$ -	\$ 5,655,833	\$ -	\$ 5,655,833
7	376100	201512 - Woodbury Line Phase II -2024	Distribution Equipment	10/28/2025	\$ 13,747,169	\$ -	\$ 13,747,169	\$ -	\$ 13,747,169
8	376100	202209 2025 Atco Phase II Distribution Improvements	Distribution Equipment	1/15/2026	\$ 3,100,706	\$ -	\$ 3,100,706	\$ 824,545	\$ 3,925,251
9	376100	202204 2025 Penn & Absecon Station Modifications	Distribution Equipment	12/19/2025	\$ 2,387,078	\$ -	\$ 2,387,078	\$ -	\$ 2,387,078
10	375000	202212 2025 Divisional Renovation - Millville	Building Improvements	9/30/2025	\$ 3,565,781	\$ -	\$ 3,565,781	\$ -	\$ 3,565,781
11	375000	201691 Glassboro Renovations and Improvements -2024	Building Improvements	3/30/2026	\$ 2,962,142	\$ -	\$ 2,962,142	\$ -	\$ 2,962,142
12	391373	201511 - JANA TIMP Risk Model Implementation -2024	Information Technology	5/31/2025	\$ 2,410,880	\$ -	\$ 2,410,880	\$ -	\$ 2,410,880
13	391373	200631 SJI MWM/ORS Replacement - Shared	Information Technology	9/29/2025	\$ 3,154,347	\$ -	\$ 3,154,347	\$ -	\$ 3,154,347
14	391361	200865 SJG Automated Metering IT	Information Technology	12/31/2025	\$ 5,656,690	\$ -	\$ 5,656,690	\$ -	\$ 5,656,690
15	391373	201485 SJI Power Plan Merge ETG into SJG - Shared	Information Technology	8/19/2025	\$ 1,964,118	\$ -	\$ 1,964,118	\$ -	\$ 1,964,118
16	367100	202335 Vineland Data Center	Information Technology	8/8/2025	\$ 2,883,839	\$ -	\$ 2,883,839	\$ -	\$ 2,883,839
		<b>Totals</b>			<b>\$ 78,626,144</b>	<b>\$ -</b>	<b>\$ 78,626,144</b>	<b>\$ 968,234</b>	<b>\$ 79,594,378</b>
<b>Adjustment for Inservice Projects</b>									
22	369000	24643 RNG - ACUA - Atlantic Co. Utility A	Production Equipment	5/28/2025	\$ (5,629,730)	\$ -	\$ (5,629,730)	\$ -	\$ (5,629,730)
23	367100	201951 Cape May Lateral Replacement	Transmission Equipment	5/16/2025	\$ (8,509,939)	\$ -	\$ (8,509,939)	\$ -	\$ (8,509,939)
24	376100	201509 - Lawnside Line - ACX to Monroe Station Offset -2024	Distribution Equipment	8/27/2025	\$ (5,655,833)	\$ -	\$ (5,655,833)	\$ -	\$ (5,655,833)
25	391373	201511 - JANA TIMP Risk Model Implementation -2024	Information Technology	5/31/2025	\$ (2,410,880)	\$ -	\$ (2,410,880)	\$ -	\$ (2,410,880)
26	391373	200631 SJI MWM/ORS Replacement - Shared	Information Technology	9/29/2025	\$ (3,154,347)	\$ -	\$ (3,154,347)	\$ -	\$ (3,154,347)
27	391373	201485 SJI Power Plan Merge ETG into SJG - Shared	Information Technology	8/19/2025	\$ (1,964,118)	\$ -	\$ (1,964,118)	\$ -	\$ (1,964,118)
28	392000	202199 2025 CNG Dispenser Replacement Project	Production Equipment	11/3/2025	\$ (1,844,687)	\$ -	\$ (1,844,687)	\$ -	\$ (1,844,687)
29	376100	201512 - Woodbury Line Phase II -2024	Distribution Equipment	10/28/2025	\$ (13,747,169)	\$ -	\$ (13,747,169)	\$ -	\$ (13,747,169)
30	375000	202212 2025 Divisional Renovation - Millville	Building Improvements	9/30/2025	\$ (3,565,781)	\$ -	\$ (3,565,781)	\$ -	\$ (3,565,781)
31	391361	200865 SJG Automated Metering IT	Information Technology	12/31/2025	\$ (5,656,690)	\$ -	\$ (5,656,690)	\$ -	\$ (5,656,690)
32	369000	201586 RCV Installation Phase IV	Transmission Equipment	12/19/2025	\$ (2,052,638)	\$ -	\$ (2,052,638)	\$ -	\$ (2,052,638)
33	376100	202204 2025 Penn & Absecon Station Modifications	Distribution Equipment	12/19/2025	\$ (2,387,078)	\$ -	\$ (2,387,078)	\$ -	\$ (2,387,078)
34	367100	202335 Vineland Data Center	Information Technology	8/8/2025	\$ (2,883,839)	\$ -	\$ (2,883,839)	\$ -	\$ (2,883,839)
35	367100	202426 - Woodbury Line Phase V	Transmission Equipment	3/20/2026	\$ (13,100,566)	\$ -	\$ (13,100,566)	\$ (143,689)	\$ (13,244,255)
36	376100	202209 2025 Atco Phase II Distribution Improvements	Distribution Equipment	1/15/2026	\$ (3,100,706)	\$ -	\$ (3,100,706)	\$ (824,545)	\$ (3,925,251)
37	375000	201691 Glassboro Renovations and Improvements -2024	Building Improvements	3/30/2026	\$ (2,962,142)	\$ -	\$ (2,962,142)	\$ -	\$ (2,962,142)
					<b>\$ (78,626,144)</b>	<b>\$ -</b>	<b>\$ (78,626,144)</b>	<b>\$ (968,234)</b>	<b>\$ (79,594,378)</b>
<b>TOTAL TEST YEAR LARGE PROJECTS NOT IN SERVICE</b>					<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Footnotes:

(1) Phase 1 went into effect 8/8/25 and Phase 2 went into effect 2/26/25

**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	\$ 2,120,275	\$ 2,079,338	\$ 2,157,821	\$ 1,504,584	\$ 1,893,663	\$ 1,835,507	\$ 11,591,189	\$ -	\$ -	\$ 11,591,189
3	\$ 2,419,414	\$ 2,372,230	\$ 2,419,781	\$ 1,679,256	\$ 2,120,224	\$ 1,968,871	\$ 12,979,776	\$ -	\$ -	\$ 12,979,776
4	\$ 1,391,114	\$ 1,602,027	\$ 1,036,710	\$ 1,201,124	\$ 1,330,794	\$ 1,188,510	\$ 7,750,280	\$ -	\$ -	\$ 7,750,280
5	\$ 135,925	\$ 76,207	\$ 124,971	\$ 41,500	\$ 89,567	\$ 76,953	\$ 545,122	\$ -	\$ -	\$ 545,122
6	<b>\$ 6,066,728</b>	<b>\$ 6,129,801</b>	<b>\$ 5,739,283</b>	<b>\$ 4,426,464</b>	<b>\$ 5,434,249</b>	<b>\$ 5,069,841</b>	<b>\$ 32,866,367</b>		\$ -	<b>\$ 32,866,367</b>
7										
8	\$ 138,732	\$ 95,028	\$ 68,006	\$ 65,570	\$ 93,804	\$ 84,148	\$ 545,288	\$ -	\$ -	\$ 545,288
9										
10	<b><u>Replacements</u></b>									
11	\$ 2,128,740	\$ 1,617,637	\$ 1,940,731	\$ 1,900,501	\$ 1,453,942	\$ 1,218,600	\$ 10,260,151	\$ -	\$ -	\$ 10,260,151
12	\$ 1,258,499	\$ 976,578	\$ 1,042,368	\$ 1,217,984	\$ 946,488	\$ 749,863	\$ 6,191,781	\$ -	\$ -	\$ 6,191,781
13	\$ 389,509	\$ 288,591	\$ 270,913	\$ 237,024	\$ 266,941	\$ 267,554	\$ 1,720,531	\$ -	\$ -	\$ 1,720,531
14	\$ 314,120	\$ 235,584	\$ 551,982	\$ 355,536	\$ 433,779	\$ 507,635	\$ 2,398,637	\$ -	\$ -	\$ 2,398,637
15	\$ 686,472	\$ 742,164	\$ 842,489	\$ 553,545	\$ 646,904	\$ 601,478	\$ 4,073,053	\$ -	\$ -	\$ 4,073,053
16										
17										
18	<b>\$ 4,777,340</b>	<b>\$ 3,860,554</b>	<b>\$ 4,648,483</b>	<b>\$ 4,264,590</b>	<b>\$ 3,748,055</b>	<b>\$ 3,345,130</b>	<b>\$ 24,644,153</b>	\$ -	\$ -	<b>\$ 24,644,153</b>
19										
20	\$ 730,000	\$ 750,000	\$ 800,000	\$ 650,000	\$ 250,000	\$ -	\$ 3,180,000	\$ -	\$ -	\$ 3,180,000
21										
22	\$ 28,350	\$ 40,326	\$ 26,219	\$ 18,201	\$ 12,264	\$ 11,161	\$ 136,521	\$ -	\$ -	\$ 136,521
23										
24	\$ 265,555	\$ 201,020	\$ 493,717	\$ 1,325,023	\$ 778,771	\$ 112,911	\$ 3,176,997	\$ 143,689	\$ 1,932,824	\$ 1,100,484
25										
26	\$ 2,819,046	\$ 2,898,186	\$ 735,132	\$ 39,300	\$ 50,900	\$ 29,300	\$ 6,571,864	\$ 824,545	\$ 5,496,919	\$ 250,400
27										
28	\$ 87,039	\$ 177,614	\$ 178,189	\$ 178,764	\$ 179,339	\$ 76,500	\$ 877,443	\$ -	\$ -	\$ 877,443
29										
30	\$ 97,540	\$ 74,641	\$ 83,935	\$ 90,364	\$ 106,069	\$ 93,273	\$ 545,821	\$ -	\$ -	\$ 545,821
31										
32	\$ 647,584	\$ 654,775	\$ 435,832	\$ 1,182,864	\$ 382,335	\$ 238,609	\$ 3,542,000	\$ -	\$ -	\$ 3,542,000
33										
34	<b>\$ 15,657,914</b>	<b>\$ 14,881,945</b>	<b>\$ 13,208,796</b>	<b>\$ 12,241,140</b>	<b>\$ 11,035,785</b>	<b>\$ 9,060,873</b>	<b>\$ 76,086,453</b>	<b>\$ 968,234</b>	<b>\$ 7,429,743</b>	<b>\$ 67,688,476</b>
35										
36	\$ (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>\$ 12,656,891</b>	<b>\$ 11,880,922</b>	<b>\$ 10,207,773</b>	<b>\$ 9,240,117</b>	<b>\$ 8,034,762</b>	<b>\$ 6,059,850</b>	<b>\$ 58,080,316</b>	<b>\$ 968,234</b>	<b>\$ 7,429,743</b>	<b>\$ 49,682,339</b>

**SOUTH JERSEY GAS COMPANY  
POST-TEST YEAR LARGE PROJECTS  
PRO FORMA ADJUSTMENT TO MARCH 31, 2026 RATE BASE**

Line No.	FERC	Project Name	TYPE	Projected In Service Date	Test Year (Includes Pre Test Year)			6 Months Post Test Year	Total At
					Actual	Projected	Total	Projected	Sep-26
1									
2	376100	202327 Cape May Lateral Phase 2	Distribution Equipment	6/30/2026	\$ 8,223,624	\$ -	\$ 8,223,624	\$ 5,496,919	\$ 13,720,543
3	367100	24445-8 Steel Transmission Rt 130 Logan Twp	Transmission Equipment	8/1/2026	\$ 83,823	\$ -	\$ 83,823	\$ 1,932,824	\$ 2,016,647
4	367100	24897A - P2G South Harrison	Production Equipment	4/22/2026	\$ 1,892,000	\$ -	\$ 1,892,000	\$ -	\$ 1,892,000
5	309000	24897B - P2G South Harrison	Production Equipment	4/22/2026	\$ 3,507,515	\$ -	\$ 3,507,515	\$ -	\$ 3,507,515
6	369000	24897C - P2G South Harrison	Production Equipment	4/22/2026	\$ 11,527,047	\$ -	\$ 11,527,047	\$ -	\$ 11,527,047
7	392000	201513 - WM Woodbine CNG -2024	Production Equipment	4/30/2026	\$ 2,114,952	\$ -	\$ 2,114,952	\$ -	\$ 2,114,952
8									
9		<b>Total Post Test Year Large Projects</b>			<b>\$ 27,348,961</b>	<b>\$ -</b>	<b>\$ 27,348,961</b>	<b>\$ 7,429,743</b>	<b>\$ 34,778,704</b>

12+0 UPDATE

Supplemental Direct Testimony & Schedules

of

J. L. Houseman

**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. GR25110627**

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**JOHN L. HOUSEMAN**

**Director of Accounting**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-5A**

**12 + 0 Update**

**May 14, 2026**

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**SOUTH JERSEY GAS COMPANY  
SUPPLEMENTAL DIRECT TESTIMONY OF  
JOHN L. HOUSEMAN**

1     **I.     INTRODUCTION**

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

3     **A.     My name is John Houseman. My business address is 1 South Jersey Plaza, Folsom, New**  
4     **Jersey 08037.**

5     **Q.     ARE YOU THE SAME JOHN HOUSEMAN WHO PREVIOUSLY SUBMITTED**  
6     **PREPARED DIRECT TESTIMONY IN THIS PROCEEDING?**

7     **A.     Yes. I am.**

8

9     **II.     PURPOSE OF TESTIMONY**

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

11    **A.     The purpose of my supplemental direct testimony is to provide a 12+0 Update to South**  
12    **Jersey Gas Company (“SJG” or “Company”) rate filing in this proceeding. The Company’s**  
13    **12+0 Update reflects actual data for the twelve months ending March 31, 2026, as well as**  
14    **updated forecasts of changes in certain capital expenditures through September 30, 2026**  
15    **and changes in certain revenues and expenses through December 31, 2026.**

16    **Q.     DO YOU SPONSOR ANY SCHEDULES IN YOUR SUPPLEMENTAL DIRECT**  
17    **TESTIMONY?**

18    **A.     Yes. I am sponsoring the following schedules which were prepared or compiled under my**  
19    **direction and supervision:**

- 20           • Schedule JLH-5 (12+0) – *Pro Forma* Depreciation Expense & Accumulated  
21           Depreciation;

- 1 • Schedule JLH-6 (12+0) – *Pro Forma* Non-Legal Asset Retirement Obligation;
- 2 • Schedule JLH-7 (12+0) – Adjusted Deferred FIT Included in Rate Base;
- 3 • Schedule JLH-8 (12+0) – Adjusted Deferred CBT Included in Rate Base;
- 4 • Schedule JLH-9 (12+0) – Income Taxes - Interest Synchronization Adjustment;
- 5 • Schedule JLH-10 (12+0) – *Pro Forma* Revenue and O&M Expense – Folsom Facility;
- 6 • Schedule JLH-11 (12+0) – *Pro Forma* Pension and Retirement Benefit Expense;

7

8 **III. 12+0 UPDATE**

9 **Q. WHAT DOES THE INFORMATION PROVIDED ON THESE SCHEDULES SET**  
10 **FORTH?**

11 **A.** The information provided reflects actual results for the twelve months ending March 31,  
12 2026 as well as updated forecast information where appropriate. This information has been  
13 provided to Company witness Cindy Capozzoli to prepare the Company’s 12+0 Update.

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

15 **A.** Yes. It does.

Schedule JLH-5  
12+0

SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME  
DEPRECIATION EXPENSE AND ACCUMULATED DEPRECIATION

Line No.		<u>Utility Plant in Service</u>	<u>Depreciation Expense (Proposed Rates)</u>	<u>Schedule Reference</u>
1	<b><u>Depreciation Expense:</u></b>			
2				
3	Utility Plant In Service as of March 31, 2026	\$ 4,363,890,589	\$ 112,998,103	
4				
5	Test Year Depreciation Expense		<u>\$ 113,585,694</u>	Fr Hyperion Inc Stmt
6				
7	Pro Forma Depreciation Expense Annualization Adjustment		\$ (587,591)	
8				
9	Post Test Year Depreciation Expense Annualization Adjustment	\$ 84,461,044	\$ 2,609,933	
10				
11	Adjustment due to Increase in Proposed Annual Net Negative Salvage Allowance		\$ (1,490,695)	JLH-6
12				
13	Adjustment due to Decrease in Non-Legal Asset Retirement Obligation (ARO) Credit		\$ (257,548)	JLH-6
14				
15	<b>Total Pro Forma Adjustment to Depreciation Expense (Income Statement)</b>	<u><u>\$ 4,448,351,633</u></u>	<u><u>\$ 274,099</u></u>	
16				
17				
18	<b><u>Accumulated Depreciation:</u></b>			
19				
20	Accumulated Depreciation as of March 31, 2026 (Rate Base)		\$ (907,123,113)	CLC-2
21				
22	Post Test Year Depreciation on UPIS as of March 31, 2026 (Apr 26 - Sep 26)		\$ (56,499,052)	Line 3 / 2
23				
24	Post Test Year Depreciation on PTY Plant (Apr 26 - Sep 26)		\$ (1,304,967)	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)		\$ (2,899,824)	JLH-6
31				
32	<b>Accumulated Depreciation as of September 30, 2026 (Rate Base)</b>		<u><u>\$ (946,178,277)</u></u>	

Schedule JLH- 6  
12+0

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31, 2026 OPERATING INCOME**  
**NON-LEGAL ASSET RETIREMENT OBLIGATION (ARO) AMORTIZATION**

Line No.		(a) <u>Start</u> <u>Reserve</u>	(b) <u>COR</u> <u>Amort.</u>	(c) <u>Net</u> <u>Salvage</u> <u>Allowance</u>	(d) <u>Net</u> <u>Salvage</u> <u>Incurred</u>	(e) <u>End</u> <u>Reserve</u>
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	\$ (1,635,579)	\$ 17,386,172
11	Jan to Mar 2026	\$ 17,386,172	\$ (114,908)	\$ 1,822,586	\$ (1,582,676)	\$ 17,511,173
12						
13		New Shortfall (net col's c & d)		\$ 3,427,905		
14						
15	Balance Available to be Returned to Customer as of March 31, 2026					\$ 17,511,173
16						
17	Number of Years Remaining from the Original 40-Year Amortization Period					24 5/12
18						
19	Projected Annual Amortization of Regulatory Liability					\$ 717,181
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>\$ 257,548</b>
24						
25	Proposed Provision for Annual Net Negative Salvage (3-year average)					\$ 5,799,647
26						
27	Current Provision for Annual Net Negative Salvage					\$ 7,290,342
28						
29	<b>Proposed Change in Annual Net Negative Salvage</b>					<b>\$ (1,490,695)</b>

Schedule JLH-7  
12+0

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO RATE BASE  
DEFERRED FEDERAL INCOME TAX (DFIT)**

---

<u>Line No.</u>		<u>POST TEST YEAR ADDITIONS</u>	<u>ADDED TAX DEPRECIATION</u>	<u>DFIT IN RATE BASE</u>
1	Projected DFIT Rate Base Balance 3/31/26			\$ (388,800,755)
2				
3	<u>Normalization on 3/31/26 Plant (PTY 4/26 - 9/26):</u>			
4				
5	Book Depreciation	\$ 59,360,747		
6				
7	Tax Depreciation-Federal	<u>\$ (81,822,949)</u>		
8				
9	Federal Tax Depreciation Over Book		<u>\$ (22,462,202)</u>	
10				
11	<u>Normalization on PTY Additions (PTY 4/26-9/26):</u>			
12				
13	Book Depreciation	\$ 1,304,967		
14				
15	Tax Depreciation-Federal	<u>\$ (1,583,645)</u>		
16				
17	Federal Tax Depreciation Over Book		<u>\$ (278,678)</u>	
18				
19	Total Added Tax Depreciation		\$ (22,740,880)	
20				
21	Deferred FIT (@ effective FIT rate of 21%)			\$ (4,775,585)
22				
23	Federal benefit of state taxes - 21%			\$ 429,803
24				
25	NOL Carryforward			<u>\$ -</u>
26				
27	<b>Adjusted DFIT Rate Base Balance 9/30/26</b>			<b><u>\$ (393,146,537)</u></b>

Schedule JLH-8  
12+0

**SOUTH JERSEY GAS COMPANY  
PRO FORMA ADJUSTMENTS TO RATE BASE  
DEFERRED NJ CORPORATE BUSINESS TAX (CBT)**

---

<u>Line No.</u>		<u>POST TEST YEAR ADDITIONS</u>	<u>ADDED TAX DEPRECIATION</u>	<u>DFIT IN RATE BASE</u>
1	Projected DFIT Rate Base Balance 3/31/26			\$ (152,434,335)
2				
3	<u>Normalization on 3/31/26 Plant (PTY 4/26 - 9/26):</u>			
4				
5	Book Depreciation	\$ 59,360,747		
6				
7	Tax Depreciation-Federal	\$ (81,822,949)		
8				
9	Federal Tax Depreciation Over Book		\$ (22,462,202)	
10				
11	<u>Normalization on PTY Additions (PTY 4/26-9/26):</u>			
12				
13	Book Depreciation	\$ 1,304,967		
14				
15	Tax Depreciation-Federal	\$ (1,583,645)		
16				
17	Federal Tax Depreciation Over Book		\$ (278,678)	
18				
19	Total Added Tax Depreciation		\$ (22,740,880)	
20				
21	Pro Forma Adjustment - Deferred NJ CBT @ 9.00%			\$ (2,046,679)
22				
23	<b>Adjusted DCBT Rate Base Balance 9/30/26</b>			<b><u>\$ (154,481,014)</u></b>

Schedule JLH-9  
12+0

**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	\$ 2,935,885,853	
2			
3	Total Weighted Cost of Long Term Debt	<u>2.26%</u>	
4			
5	Annualized Interest Expense	\$ 66,351,020	
6			
7	Less: Test Year Interest Expense	<u>\$ (72,579,165)</u>	
8			
9	Net Interest Expense		<u>\$ (6,228,145)</u>
10			
11	Income Tax Rate		<u>28.11%</u>
12			
13	(Increase)/Decrease to test year income taxes		<u><u>\$ (1,750,732)</u></u>

Schedule JLH-10  
12+0

**SOUTH JERSEY GAS COMPANY**  
**PRO FORMA ADJUSTMENTS TO MARCH 31 2026 OPERATING INCOME**  
**REVENUE AND O&M EXPENSE - FOLSOM FACILITY**

---

<u>Line</u> <u>No.</u>			
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	\$ 1,184,864	
12	Less: Test Year Facility Expense	\$ 1,080,553	
13			
14	<b>Pro Forma Facility Expense Adjustment</b>		<b>\$ 104,311</b>

Schedule JLH-11  
12+0

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

Line No.		Pension Acct 182387	SERP Acct 182388	FAS 106 Acct 182389	Total
1					
2	Total Unamortized Deferred Balance as of March 31, 2026	\$ 2,053,375	\$ 3,519,283	\$ (4,848,472)	\$ 724,186
3					
4	Projected Monthly Deferred Expenses	\$ 22,095	\$ 79,338	\$ (113,923)	\$ (12,490)
5					
6					
7					
8					
9	Total Projected Deferred Balance at Test Year End March 2026				\$ 724,186
10	Amortization Period (Years)				<u>3</u>
11	<b>Pro Forma Annual Amortization Adjustment</b>				<b><u>\$ 241,395</u></b>
12					
13					
14	Annualized Pension Income				\$ 149,880
15	Test Year Pension Income				<u>\$ 293,082</u>
16	<b>Pro Forma Annual Pension Adjustment - Expense</b>				<b><u>\$ 143,202</u></b>

12+0 UPDATE

Supplemental Direct Testimony & Schedules

of

D. P. Yardley

**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. GR25110627**

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**DANIEL P. YARDLEY**

**On Behalf Of  
South Jersey Gas Company**

**Exhibit P-9A**

**12 + 0 Update**

**May 14, 2026**

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**SOUTH JERSEY GAS COMPANY  
SUPPLEMENTAL 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. ARE YOU THE SAME DANIEL P. YARDLEY WHO PREVIOUSLY SUBMITTED**  
9 **PREPARED DIRECT TESTIMONY IN THIS PROCEEDING?**

10 **A.** Yes. I am.  
11

12 **II. PURPOSE OF TESTIMONY**

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

14 **A.** The purpose of my supplemental direct testimony is to provide a 12+0 Update to South  
15 Jersey Gas Company’s (“SJG” or “Company”) rate filing in this proceeding. The  
16 Company’s 12+0 Update reflects actual data for the twelve months ending March 31, 2026,  
17 as well as updated forecasts of changes in certain capital expenditures through September  
18 30, 2026 and changes in certain revenues and expenses through December 31, 2026.

19 **Q. ARE YOU SUPPORTING ANY SCHEDULES THAT ACCOMPANY YOUR**  
20 **TESTIMONY?**

21 **A.** Yes. I am sponsoring the following four schedules, which were prepared under my  
22 direction and supervision and will be explained later in my testimony:



1 A. The updated schedule incorporates actual weather normalized billing determinants for the  
2 test period ending March 2026.

3

4 **Q. HAVE YOU PREPARED A SCHEDULE THAT DERIVES THE CIP REVENUES**  
5 **FOR THE TEST PERIOD?**

6 A. Yes. Schedule DPY-4 (12+0) calculates the non-weather-related CIP revenues that are  
7 associated with the CIP Benchmarks reflected in the current tariff. The CIP revenues are  
8 eliminated from the test period due to the resetting of the benchmarks to reflect actual  
9 experience for the test period that occurs with the implementation of new base rates. The  
10 updated Schedule DPY-3 (12+0) reflects a CIP revenue deficiency of \$10.3 million as  
11 compared to a CIP revenue deficiency of \$11.2 million reflected in the Company's initial  
12 filing.

13

14 **Q. HAVE YOU ALSO PREPARED AN UPDATE TO THE CIP BENCHMARKS TO**  
15 **BE IMPLEMENTED WITH THE PROPOSED RATES?**

16 A. Yes. Schedule DPY-5 (12+0) provides the proposed benchmarks incorporating actual  
17 weather-normalized usage information for the 12-month period ending March 2026. These  
18 benchmarks are consistent with the updated billing units relied upon to derive the rates  
19 reflected in Schedule DPY-2 (12+0) ensuring that the CIP operates in a manner that is  
20 consistent with the derivation of base rates.

21

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

23 A. Yes, it does.

**South Jersey Gas Company**  
**Allocation of Proposed Revenue Adjustments to Base Rates**  
(In Thousands of Dollars)

Description ( A )	Current Base Revenue ( B )	Current IIP Revenue ( B )	Current Base and IIP Revenue ( B )	Proposed Base Revenue Increase ( C )	Proposed Base Revenues ( D )
<b>Rate Schedules</b>					
Residential Service	298,420	6,008	304,428	50,117	354,544
General Service	91,400	1,733	93,133	15,332	108,465
General Service - Large Volume	13,860	289	14,149	2,329	16,479
Comprehensive Firm Transportation Service	10,777	195	10,972	1,806	12,779
Large Volume Service	10,443	213	10,656	1,754	12,410
Electric Generation Service	490	8	498	82	580
Electric Generation Service - Large Volume	672	15	687	113	801
Natural Gas Vehicle Service	1,015	22	1,037	171	1,207
Gas Lights Service	10	0	10	2	12
Interruptible Transportation Service	24	-	24	4	28
<b>Total Firm Rate Schedules</b>	<u>427,112</u>	<u>8,484</u>	<u>435,595</u>	<u>71,710</u>	<u>507,305</u>

**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	4,841,502	Bills	\$ 9.85	\$ 47,688,792	\$ 13.00	\$ 62,939,523	
Distribution Charge	279,468,611	Therms	0.897170	250,730,854	1.043426	291,604,815	
IIP Revenues				6,008,293		-	
<b>Total Base Revenues</b>				<b>\$ 304,427,939</b>		<b>\$ 354,544,338</b>	<b>16.5%</b>

			<u>GSG</u>		<u>GSG</u>		
<u>General Service (0-100,000 Annual Therms)</u>							
Customer Charge	336,029	Bills	\$ 37.98	\$ 12,762,372	\$ 49.50	\$ 16,633,423	
Distribution Charge	108,737,901	Therms	0.723187	78,637,836	0.844525	91,831,876	
IIP Revenues				1,732,993		-	
<b>Total Base Revenues</b>				<b>\$ 93,133,201</b>		<b>\$ 108,465,299</b>	<b>16.5%</b>

			<u>GSG-LV</u>		<u>GSG-LV</u>		
<u>General Service Large Volume (100,000 + Annual Therms)</u>							
Customer Charge	2,117	Bills	\$ 247.60	\$ 524,169	\$ 320.00	\$ 677,440	
Demand Charge	233,756	Mcf	13.3177	3,113,092	13.5000	3,155,706	
Distribution Charge	28,468,169	Therms	0.359109	10,223,176	0.444198	12,645,504	
IIP Revenues				288,878		-	
<b>Total Base Revenues</b>				<b>\$ 14,149,315</b>		<b>\$ 16,478,650</b>	<b>16.5%</b>

			<u>CTS</u>		<u>CTS</u>		
<u>Comprehensive Firm Transportation Service</u>							
Customer Charge	542	Bills	\$ 820.63	\$ 444,781	\$ 1,025.00	\$ 555,550	
Demand Charge	204,845	Mcf	34.7011	7,108,347	42.5000	8,705,913	
Distribution Charge	35,372,459	Therms	0.091136	3,223,704	0.099432	3,517,154	
IIP Revenues				195,454		-	
<b>Total Base Revenues</b>				<b>\$ 10,972,287</b>		<b>\$ 12,778,617</b>	<b>16.5%</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
			<u>LVS</u>		<u>LVS</u>		
<u>Large Volume Service</u>							
Customer Charge	300	Bills	\$ 1,148.89	\$ 344,667	\$ 1,425.00	\$ 427,500	
Demand Charge	308,775	Mcf	20.6331	6,370,985	24.7500	7,642,181	
Distribution Charge	60,897,580	Therms	0.061199	3,726,871	0.071273	4,340,353	
IIP Revenues				213,282		-	
<b>Total Base Revenues</b>				<b>\$ 10,655,805</b>		<b>\$ 12,410,034</b>	<b>16.5%</b>

			<u>EGS</u>		<u>EGS</u>		
<u>Electric Generation Service</u>							
Customer Charge	195	Bills	\$ 86.28	\$ 16,825	\$ 105.00	\$ 20,475	
Demand Charge	13,788	Mcf	9.1442	126,080	10.5000	144,774	
Distribution Charge (Nov - Mar.)	904,448	Therms	0.168130	152,065	0.197234	178,388	
Distribution Charge (Apr - Oct.)	1,414,914	Therms	0.138130	195,442	0.167234	236,622	
IIP Revenues				7,825		-	
<b>Total Base Revenues</b>				<b>\$ 498,237</b>		<b>\$ 580,259</b>	<b>16.5%</b>

			<u>EGS-LV</u>		<u>EGS-LV</u>		
<u>Electric Generation Service - Large Volume</u>							
Customer Charge	36	Bills	\$ 820.63	\$ 29,543	\$ 1,025.00	\$ 36,900	
Demand Charge	23,280	Mcf	27.611897	642,805	32.800892	763,605	
IIP Revenues				15,002		-	
<b>Total Base Revenues</b>				<b>\$ 687,350</b>		<b>\$ 800,505</b>	<b>16.5%</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
			<u>NGV</u>		<u>NGV</u>		
<u>Natural Gas Vehicle Service</u>							
Cust. Charge 0-999 CFH	12	Bills	\$ 37.50	\$ 450	\$ 37.50	\$ 450	
Cust. Charge 1,000-4,999 CFH	-	Bills	75.00	-	75.00	-	
Cust. Charge 5,000-24,999 CFH	12	Bills	241.97	2,904	265.00	3,180	
Cust. Charge 25,000+ CFH	131	Bills	925.00	121,175	1,025.00	134,275	
Distribution Charge	3,024,608	Therms	0.241844	731,483	0.295894	894,963	
IIP Revenues				21,581		-	
Subtotal Distribution				\$ 877,593		\$ 1,032,868	
Compression Charge	242,282	Therms	0.656506	159,060	0.720000	174,443	
<b>Total Base Revenues</b>				<b>\$ 1,036,653</b>		<b>\$ 1,207,312</b>	<b>16.5%</b>

			<u>GLS</u>		<u>GLS</u>		
<u>Gas Lights Service</u>							
Yard Lights	36	Mantles	\$ 11.273265	\$ 4,870	\$ 13.382840	\$ 5,781	
Street Lights	36	Mantles	12.152738	5,250	14.426889	6,232	
IIP Revenues				233		-	
<b>Total Base Revenues</b>				<b>\$ 10,353</b>		<b>\$ 12,014</b>	<b>16.0%</b>

			<u>ITS</u>		<u>ITS</u>		
<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>

**TOTAL SYSTEM BASE DISTRIBUTION REVENUES** **\$ 435,595,140** **\$ 507,304,626** **16.5%**

Increase \$ 71,709,487  
Target 71,709,973  
Difference (\$486)

**SOUTH JERSEY GAS COMPANY**  
**Pro Forma Adjustment to March 2026**  
**Summary of CIP Revenue Adjustment**

<u>Description</u>	Actual 2025 <u>April</u>	Actual 2025 <u>May</u>	Actual 2025 <u>June</u>	Actual 2025 <u>July</u>	Actual 2025 <u>August</u>	Actual 2025 <u>September</u>	Actual 2025 <u>October</u>	Actual 2025 <u>November</u>	Actual 2025 <u>December</u>	Actual 2026 <u>January</u>	Actual 2026 <u>February</u>	Actual 2026 <u>March</u>	Total
<b>CIP Revenue Adjustment</b>													
CIP Group 1 - RSG non-Heat	(\$23,181)	(\$47,676)	(\$7,411)	(\$17,009)	(\$996)	(\$8,663)	(\$40,019)	(\$48,606)	\$13,813	(\$50,440)	(\$42,307)	\$3,256	(\$269,237)
CIP Group 2 - RSG Heat	(\$2,004,988)	(\$3,519,891)	\$725,009	(\$929,149)	(\$163,893)	(\$678,204)	(\$1,670,863)	\$694,923	\$7,603,993	\$3,633,350	\$6,383,672	(\$6,704,984)	\$3,368,975
CIP Group 3 - GSG	(\$560,931)	(\$1,149,604)	\$330,320	(\$104,965)	\$59,950	\$452,549	\$426,404	\$393,948	\$1,745,722	\$760,817	\$1,580,651	(\$2,074,210)	\$1,860,651
CIP Group 4 - GSG-LV	(\$291,979)	(\$134,523)	\$45,678	\$58,513	\$20,831	(\$47,896)	\$71,427	(\$282,898)	\$365,649	(\$12,197)	\$491,324	(\$382,033)	(\$98,105)
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>(\$1,213,051)</u>	<u>\$757,368</u>	<u>\$9,729,176</u>	<u>\$4,331,531</u>	<u>\$8,413,341</u>	<u>(\$9,157,971)</u>	<u>\$4,862,285</u>
Weather Related Dollars	(\$1,637,106)	(\$697,074)	\$0	\$0	\$0	\$0	(\$383,375)	\$472,472	\$9,450,413	\$7,194,893	\$6,853,650	(\$6,137,632)	\$15,116,241
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>(\$829,676)</u>	<u>\$284,896</u>	<u>\$278,763</u>	<u>(\$2,863,362)</u>	<u>\$1,559,691</u>	<u>(\$3,020,339)</u>	<u>(\$10,253,956)</u>

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

	<u>Jan-26</u>	<u>Feb-26</u>	<u>Mar-26</u>	<u>Apr-26</u>	<u>May-26</u>	<u>Jun-26</u>	<u>Jul-26</u>	<u>Aug-26</u>	<u>Sep-26</u>	<u>Oct-26</u>	<u>Nov-26</u>	<u>Dec-26</u>	<u>Total</u>
<b>Group 1: RSG Non-Heat</b>													
Customers	8,623	8,602	8,607	8,717	8,779	8,963	9,032	9,104	9,165	9,222	9,271	9,445	107,530
Therms	253,568	281,354	219,539	113,321	96,569	71,704	90,320	100,144	100,815	147,552	213,233	340,020	2,028,140
<b>Baseline Use per Cust.</b>	<b>29.4</b>	<b>32.7</b>	<b>25.5</b>	<b>13.0</b>	<b>11.0</b>	<b>8.0</b>	<b>10.0</b>	<b>11.0</b>	<b>11.0</b>	<b>16.0</b>	<b>23.0</b>	<b>36.0</b>	<b>226.6</b>
<b>Group 2: RSG Heat</b>													
Customers	393,145	393,538	394,101	393,882	393,918	394,216	394,312	394,420	394,582	394,944	395,921	396,992	4,733,972
Therms	57,341,960	49,928,098	36,077,604	18,118,561	8,666,191	5,124,805	5,520,372	5,521,884	5,524,152	10,663,495	28,902,251	46,051,101	277,440,471
<b>Baseline Use per Cust.</b>	<b>145.9</b>	<b>126.9</b>	<b>91.5</b>	<b>46.0</b>	<b>22.0</b>	<b>13.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>27.0</b>	<b>73.0</b>	<b>116.0</b>	<b>703.3</b>
<b>Group 3: GSG</b>													
Customers	27,970	28,034	27,972	27,905	27,912	27,925	27,940	27,963	27,988	28,037	28,138	28,244	336,029
Therms	19,935,831	17,737,286	12,916,428	7,591,275	4,924,759	3,415,641	3,480,501	3,953,284	3,681,143	5,563,029	10,056,145	15,482,579	108,737,901
<b>Baseline Use per Cust.</b>	<b>712.8</b>	<b>632.7</b>	<b>461.8</b>	<b>272.0</b>	<b>176.4</b>	<b>122.3</b>	<b>124.6</b>	<b>141.4</b>	<b>131.5</b>	<b>198.4</b>	<b>357.4</b>	<b>548.2</b>	<b>3,879.5</b>
<b>Group 4: GSG-LV</b>													
Customers	176	175	176	177	177	177	177	177	177	177	177	177	2,120
Therms	5,480,737	4,902,840	3,029,081	2,341,176	1,273,989	884,655	882,250	880,082	877,914	1,424,842	2,827,718	3,662,885	28,468,169
<b>Baseline Use per Cust.</b>	<b>31,140.5</b>	<b>28,016.2</b>	<b>17,210.7</b>	<b>13,227.0</b>	<b>7,197.7</b>	<b>4,998.1</b>	<b>4,984.5</b>	<b>4,972.2</b>	<b>4,960.0</b>	<b>8,050.0</b>	<b>15,975.8</b>	<b>20,694.3</b>	<b>161,427.0</b>