



Agenda Date: 12/15/21
Agenda Item: 2F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF BASE RATE ADJUSTMENTS PURSUANT TO THE ACCELERATED INFRASTRUCTURE REPLACEMENT PROGRAM ("AIRP II"))
DECISION AND ORDER)
APPROVING STIPULATION)
DOCKET NO. GR21060951)

Parties of Record:

Deborah M. Franco, Esq., on behalf of South Jersey Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 30, 2021, South Jersey Gas Company ("SJG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of base rate adjustments associated with the extension of the Company's Accelerated Infrastructure Replacement Program ("AIRP II") ("June 2021 Petition"). By this Order, the Board considers a stipulation of settlement ("Stipulation") executed by SJG, Board Staff, and the New Jersey Division of Rate Counsel (collectively, "Parties") intended to resolve the Company's requests related to the June 2021 Petition.

BACKGROUND

By Order dated February 20, 2013, the Board authorized SJG to invest up to \$141.2 million [\$35.3 million per year, excluding Accumulated Funds Used During Construction ("AFUDC")], in its Accelerated Infrastructure Replacement Program ("AIRP I") to replace unprotected bare steel and cast iron mains and services. The AIRP I investments were to be made over a four (4) year period.¹

¹ In re the Petition of South Jersey Gas Company to Implement an Accelerated Infrastructure Replacement Program ("AIRP") and Associated Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21, BPU Docket No. GO12070670, Order dated February 20, 2013.

By petition dated February 29, 2016, SJG sought Board approval its AIRP II (a continuation of AIRP I), and to utilize an associated recovery mechanism to collect costs from ratepayers through an annual adjustment. By Order dated October 31, 2016, the Board authorized SJG to invest approximately \$302.5 million, excluding AFUDC, in its AIRP II over a five (5) year period.²

Pursuant to the October 2016 Order, the Company would continue its practice of replacing coated steel mains; however, such replacements would not be AIRP II investments. The October 2016 Order also authorized recovery of the costs related to the AIRP II through future base rate adjustments, and required that SJG file a base rate case with the Board no later than three (3) years after the issuance of an Order setting rates in the 2017 Base Rate Case.

JUNE 2021 PETITION

The Company filed the June 2021 Petition with the Board seeking approval to recover \$6.1 million [including Sales and Use Tax (“SUT”)] in revenue related to AIRP II costs from July 1, 2020 through June 30, 2021 not previously placed in base rates. The June 2021 Petition was based upon actual costs through May 31, 2021 and projected program expenditures from June 1, 2021 through September 30, 2021.

On October 26, 2021, SJG updated the June 2021 Petition to include actual AIRP II expenditures through September 30, 2021. The update reflected an increase in the proposed revenue requirements to \$7.1 million (including SUT) and \$69 million of investments.

The revenue requirements reflected in the update were calculated as follows:

Accelerated Infrastructure Replacement Program (AIRP II)
 Revenue Requirement Calculation
 Year 5 Roll – In 1/1/2022

Actual Plant in Service as of September 30, 2021	\$68,527,519
AFUDC	<u>\$ 495,951</u>
Gross Plant in Service as of September 30, 2021	\$69,023,470
Accumulated Depreciation	<u>(\$ 1,116,760)</u>
Rate Base	\$67,906,710
Accumulated Deferred Tax	<u>(\$ 724,052)</u>
Net Rate Base	\$67,182,658
Rate of Return Net	6.42%
Return Requirement, Net of Tax	\$ 4,311,783
Depreciation Expense, Net of Tax	\$ 786,751
O&M Credit – Leak Repair	<u>(\$ 75,000)</u>
Revenue Recovery	\$ 5,023,534
Revenue Factor	1.418291
Total Revenue Requirement, including SUT	<u>\$ 7,124,835</u>
Total Revenue Requirement, excluding SUT	<u>\$ 6,682,143</u>

² In re the Petition of South Jersey Gas Company to Continue its Accelerated Infrastructure Replacement Program (“AIRP”) Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and for Approval of a Base Rate Adjustment to Reflect AIRP Investments in Base Rates, BPU Docket No. GR16020175, Order dated October 31, 2016 (“October 2016 Order”).

After publication of notices in newspapers of general circulation in the Company's service territory, public hearings in this matter were conducted telephonically on December 1, 2021 at 4:30 p.m. and 5:30 p.m.³ No members of the public appeared at the hearings or filed written comments with the Board.

STIPULATION

Upon review of the June 2021 Petition, updates thereto, and subsequent to conducting and reviewing responses to discovery, the Parties executed the Stipulation which provides as follows:⁴

17. The revenue requirement associated with the approximately \$69.0 million of AIRP II investments, including AFUDC, to be rolled into base rates, shall be \$7,124,835, including SUT. The calculation of this revenue requirement is set forth on Schedule A, attached to the Stipulation.
18. The Company may implement the base rates, as set forth on Schedule B, attached to the Stipulation, effective January 1, 2022.
19. Pursuant to paragraph 23 of the October 2016 Order, the Stipulation does not include a prudency review of the replacements of the mains and services in connection with AIRP II. A prudency review of all infrastructure replacements associated with AIRP II will be conducted as part of the Company's next Base Rate Case.

DISCUSSION AND FINDINGS

After review of the June 2021 Petition, updates thereto, and the attached Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** the rate adjustments reflected in the Stipulation on a provisional basis, subject to refund and review for prudency in a future base rate case. As a result of the Stipulation, a typical residential customer using 100 therms in a winter month would see an increase of \$1.89, or 1.2%.

The Company is **HEREBY DIRECTED** to file revised tariff sheets conforming to the terms of the Stipulation prior to January 1, 2022.

The Company's costs, including those related to the AIRP II, will remain subject to audit by the Board. This Decision and Order shall not preclude, nor prohibit, the Board from taking any actions determined to be appropriate as a result of any such audit.

³ Due to the COVID-19 pandemic, public hearings were held telephonically.

⁴ Although summarized in the Order, the details terms of the stipulation are controlling, subject to the findings and conclusions of the Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

The effective date of this Order is December 22, 2021.

DATED: December 15, 2021

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL
OF BASE RATE ADJUSTMENTS PURSUANT TO THE ACCELERATED INFRASTRUCTURE
REPLACEMENT PROGRAM ("AIRP II")

DOCKET NO. GR21060951

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Board Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Heather Weisband, Esq. heather.weisband@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Acting Director paul.lupo@bpu.nj.gov</p> <p>Scott Sumliner scott.sumliner@bpu.nj.gov</p> <p><u>Division of Law</u> 25 Market Street Post Office Box 112 Trenton, NJ 08625-0112</p> <p>Pamela Owen, DAG pamela.owen@law.njoag.gov</p> <p>Darren Eppley, DAG darren.eppley@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p>	<p><u>South Jersey Gas Company</u> One South Jersey Place Atlantic City, NJ 08401</p> <p>Brent Schomber bschomber@sjindustries.com</p> <p><u>SJI Utilities</u></p> <p>Deborah M. Franco, Esq. 520 Green Lane Union, NJ 07083 dfranco@sjindustries.com</p> <p>Cindy Capozzoli One South Jersey Place Atlantic City, NJ 08401 ccapozzoli@sjindustries.com</p> <p>Carolyn A. Jacobs One South Jersey Place Atlantic City, NJ 08401 cjacobs@sjindustries.com</p> <p><u>South Jersey Industries</u></p> <p>Dominick DiRocco 1 South Jersey Plaza Folsom, NJ 08037 ddirocco@sjindustries.com</p>
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<p><u>Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli mcaroselli@rpa.nj.gov</p> <p>Henkes Consulting Robert J. Henkes 7 Sunset Road Old Greenwich, CT 06870 rhenkes@optonline.net</p>	
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR : **BPU DOCKET NO. GR21060951**
APPROVAL OF BASE RATE ADJUSTMENTS :
PURSUANT TO THE ACCELERATED : **STIPULATION OF SETTLEMENT**
INFRASTRUCTURE REPLACEMENT :
PROGRAM (“AIRP II”) :

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, SJI Utilities Inc., for Petitioner, South Jersey Gas Company

Maura Caroselli, Esq., Managing Attorney, Gas and Clean Energy, for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director).

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Andrew J. Bruck**, Acting, Attorney General of the State of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (“Stipulation”) addresses the petition filed by South Jersey Gas Company (“SJG” or “Company”) with the New Jersey Board of Public Utilities (the “Board” or “BPU”) on June 30, 2021, and subsequently updated on October 26, 2021, for base rate adjustments to cost recovery associated with the Company’s Accelerated Infrastructure Replacement Program (“AIRP II”), which was approved by the Board on October 31, 2016 in Docket No. GR16020175¹.

¹ In the Matter of the Petition of South Jersey Gas Company to Continue its Accelerated Infrastructure Replacement Program (“AIRP”) Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:21.1 and For Approval of a Base Rate Adjustment to Reflect AIRP Investments in Base Rates, BPU Docket No. GR16020175, Order dated October 31, 2016 (“AIRP II Approval Order”).

I. BACKGROUND

1. On February 20, 2013, in BPU Docket No. GO12070670, the Board approved the Company's initial Accelerated Infrastructure Replacement Program ("AIRP") for four (4) years commencing January 1, 2013 and continuing until December 31, 2016. The Board authorized the Company to invest \$35.3 million per year, excluding Accumulated Funds Used During Construction ("AFUDC"), over four (4) years, for a total of \$141.2 million, to replace unprotected bare steel and cast iron mains and services.

2. On February 29, 2016, the Company petitioned the Board seeking approval to continue AIRP, and to utilize an associated recovery mechanism to recover costs through an annual rate adjustment filing ("AIRP II").

3. After notice and public hearing, on August 22, 2016, the Company, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel (collectively, "Parties") entered into a Stipulation of Settlement ("AIRP II Stipulation"). The AIRP II Approval Order set forth the authorized investments and cost recovery mechanism to be utilized by the Company.

4. As part of the AIRP II Approval Order, the AIRP II Stipulation provided that AIRP II investments would include the replacement of cast iron and unprotected bare steel mains and associated services ("AIRP II Investments").

5. AIRP II was approved as a five (5) year program commencing October 1, 2016 and ending September 30, 2021. AIRP II investment costs were set at \$302.5 million ("Program Cost Cap"), excluding AFUDC. The Program Cost Cap was derived by applying an average cost per mile cap of \$550,000 to a mileage cap of 110 miles per year (the "Annual Mileage Cap"), or 550 miles over the five-year term of AIRP II ("Program Mileage Cap"). If the Company exceeded the Annual Mileage Cap by 5% in any annual period, any excess mileage must be applied toward the Annual Mileage Cap in future years, so long as the Program Mileage Cap is not exceeded.

6. The AIRP II Stipulation further provided that non-construction expenditures, such as planning and engineering of AIRP projects incurred as of September 30, 2016, would be included in AIRP II Investments for the first year of AIRP II.

7. Pursuant to the Board's October 2016 Order, cost recovery for AIRP II projects is effectuated by an annual adjustment to base distribution rates ("AIRP II Rate Adjustment") accomplished through the Company's filing of an annual Revenue Adjustment Filing ("Annual Filing").

II. PROCEDURAL HISTORY

8. On April 28, 2017 in Docket No. GR17050441, the Company made its first Annual Filing seeking recovery of the revenue requirements associated with AIRP II projects placed into service from October 1, 2016 through June 30, 2017 ("First Annual Filing."). Therein, the Company provided actual AIRP II investment data for the period October 1, 2016 through March 31, 2017, and forecasted data for the period April 1, 2017 through June 30, 2017. Through its subsequent update to the First Annual Filing, the Company sought recovery of AIRP II revenue requirements of approximately \$5.0 million, including Sales and Use Tax ("SUT"), associated with actual AIRP II investments of approximately \$46.7 million, including AFUDC. The Board authorized the proposed base rate adjustments, effective October 1, 2017.

9. On April 30, 2018 in Docket No. GR18040476, the Company made its second Annual Filing seeking recovery of the revenue requirements associated with AIRP II projects placed into service from July 1, 2017 through June 30, 2018 ("Second Annual Filing"). Therein, the Company provided actual AIRP II investment data for the period July 1, 2017 through March 31, 2018, and forecasted data for the period April 1, 2018 through June 30, 2018. Through its subsequent update to the Second Annual Filing, the Company sought recovery of AIRP II revenue requirements of approximately \$6.6 million, including SUT, associated with actual AIRP II

investments of approximately \$61.3 million, including AFUDC. The Board authorized the proposed base rate adjustments, effective October 1, 2018.

10. On April 30, 2019, the Company made its third Annual Filing seeking recovery of the revenue requirements associated with AIRP II projects placed into service from July 1, 2018 through June 30, 2019 (“Third Annual Filing”). Therein, the Company provided actual AIRP II investment data for the period July 1, 2018 through March 31, 2019, and forecasted data for the period April 1, 2019 through June 30, 2019. Through its subsequent update to the Third Annual Filing, the Company sought recovery of AIRP II revenue requirements of approximately \$7.1 million (including SUT) associated with actual AIRP II investments of approximately \$65.3 million, including AFUDC. The Board authorized the proposed base rate adjustments, effective October 1, 2019.

11. On April 30, 2020, the Company made its fourth Annual Filing seeking recovery of the revenue requirements associated with AIRP II projects placed into service from July 1, 2019 through June 30, 2020 (“Fourth Annual Filing”). Therein, the Company provided actual AIRP II investment data for the period July 1, 2019 through March 31, 2020, and forecasted data for the period April 1, 2020 through June 30, 2020. Through its subsequent update to the Fourth Annual Filing, the Company sought recovery of AIRP II revenue requirements of approximately \$6.4 million (including SUT) associated with the actual AIRP II investments of approximately \$59.1 million, including AFUDC. The Board authorized the proposed base rate adjustments, effective October 1, 2020.

12. On June 30, 2021, the Company made its fifth Annual Filing, the instant petition, seeking recovery of the revenue requirements associated with the AIRP II projects placed into service from July 1, 2020 through September 30, 2021 (“Fifth Annual Filing”). Therein, the

Company provided actual AIRP II investment data for the period July 1, 2020 through May 31, 2021, and forecasted data for the period June 1, 2021 through September 30, 2021.

13. As part of the Fifth Annual Filing, the Company sought authority to recover AIRP II revenue requirements of approximately \$6.1 million, including SUT, associated with actual and projected AIRP II investments of approximately \$59.2 million, including AFUDC. The impact of the rates proposed, as applicable to a typical residential heating customer using 100 therms of natural gas during a winter month, amounts to an increase of \$1.63, or 1.1% per month. The AIRP II investments, revenue requirement, and base rate adjustment were supported by the Direct Testimony of Brent Schomber, President and COO of SJG, and Cindy Capozzoli, Director of Rates for SJI Utilities, Inc.

14. On October 26, 2021, the Company filed an update providing a full year of actual AIRP II investment data through September 30, 2021 (“Update”). Updated schedules supporting a revenue requirement of approximately \$7.1 million (including SUT) associated with approximately \$69.0 million of AIRP II investments, including AFUDC, were provided, as well as an updated proposed base rate adjustment. As a result of the Update, the impact of the rates proposed, applicable to a typical residential heating customer using 100 therms of natural gas during a winter month, amounts to an increase of \$1.89, or 1.2% per month.

15. Following proper notice public hearings were held in this matter telephonically on December 1, 2021.² No members of the public appeared or provided written comments.

² Public hearings were held telephonically due to the COVID-19 pandemic.

III. STIPULATED TERMS

16. Upon review of the Fifth Annual Filing, the Update, the accompanying Testimony and Schedules, and the Company's responses to written data requests, and after all settlement discussions among the Parties, the Parties STIPULATE AND AGREE as follows.

17. The revenue requirement associated with the approximately \$69.0 million of AIRP II investments, including AFUDC, to be rolled into base rates, shall be \$7,124,835, including SUT. The calculation of this revenue requirement is set forth on Schedule A, attached hereto and made a part hereof.

18. The Company may implement the base rates, as set forth on Schedule B, attached hereto and made a part hereof, effective January 1, 2022.

19. Pursuant to paragraph 23 of the AIRP II Approval, this Stipulation does not include a prudency review of the replacements of the mains and services in connection with AIRP II. A prudency review of all infrastructure replacements associated with AIRP II will be conducted as part of the Company's next Base Rate Case.

IV. MISCELLANEOUS

20. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. If this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then-available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

21. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, SJG, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. Also, all rates are subject to Board audit.

22. This Stipulation may be executed in as many counterparts as there are signatories of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

WHEREFORE, the Parties hereto respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

SOUTH JERSEY GAS COMPANY



By: _____
Deborah M. Franco, Esq.
VP, Rates, Regulatory and Sustainability

ANDREW J. BRUCK
ACTING, ATTORNEY GENERAL OF THE STATE OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities



By: _____
Terel Klein
Deputy Attorney General

BRIAN O. LIPMAN
DIRECTOR, DIVISION OF RATE COUNSEL

By: *Maura Caroselli* GR21060951
Maura Caroselli, Esq.
Managing Attorney

Dated: Dec. 32021

SOUTH JERSEY GAS COMPANY
ACCELERATED INFRASTRUCTURE REPLACEMENT PROGRAM (AIRP II)
REVENUE REQUIREMENT AND RATE CALCULATION
Year 5 - Roll-In 1/1/2022

Line No.		
1	Plant in Service as of September 30, 2021	\$68,527,519
2	AFUDC	495,951
3	Gross Plant in Service as of September 30, 2021	<u>69,023,470</u>
4		
5	Accumulated Depreciation	<u>(1,116,760)</u>
6		
7	Rate Base	67,906,710
8		
9	Accumulated Deferred Tax	<u>(724,052)</u>
10		
11	Net Rate Base	67,182,658
12		
13	Rate of Return - Net	<u>6.42%</u>
14		
15	Return Requirement (Net of Tax)	4,311,783
16		
17	Depreciation Expense, Net of Tax	786,751
18		
19	O&M Credit - Leak Repair	<u>(75,000)</u>
20		
21	Revenue Recovery	5,023,534
22		
23	Revenue Factor	<u>1.418291</u>
24		
25	Total Revenue Requirement, including SUT	<u>\$7,124,835</u>
26		
27	Total Revenue Requirement, excluding SUT	<u>\$6,682,143</u>

SOUTH JERSEY GAS COMPANY
ACCELERATED INFRASTRUCTURE REPLACEMENT PROGRAM (AIRP II)
BASE AND TOTAL REVENUES AT PRESENT AND PROPOSED RATES

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective November 1, 2021)</u>		<u>Proposed Rates (Effective January 1, 2022)</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	4,557,601	Bills	\$ 9.85	\$ 44,892,370	\$ 9.85	\$ 44,892,370	
Distribution Charge	265,712,873	Therms	0.816156	216,863,156	0.833891	221,575,573	
Total Base Revenues				\$ 261,755,526		\$ 266,467,943	1.8%
			<u>GSG</u>		<u>GSG</u>		
<u>General Service (0-100,000 Annual Therms)</u>							
Customer Charge	318,717	Bills	\$ 34.75	\$ 11,075,416	\$ 34.75	\$ 11,075,416	
Distribution Charge	98,604,223	Therms	0.669171	65,983,087	0.683240	67,370,349	
Total Base Revenues				\$ 77,058,502		\$ 78,445,765	1.8%
			<u>GSG-LV</u>		<u>GSG-LV</u>		
<u>General Service Large Volume (100,000 + Annual Therms)</u>							
Customer Charge	2,043	Bills	\$ 225.00	\$ 459,675	\$ 225.00	\$ 459,675	
Demand Charge	231,528	Mcf	12.2500	2,836,218	12.2500	2,836,218	
Distribution Charge	29,002,749	Therms	0.332312	9,637,962	0.340340	9,870,796	
Total Base Revenues				\$ 12,933,855		\$ 13,166,689	1.8%
			<u>CTS</u>		<u>CTS</u>		
<u>Comprehensive Firm Transportation Service</u>							
Customer Charge	564	Bills	\$ 750.00	\$ 423,000	\$ 750.00	\$ 423,000	
Demand Charge	165,024	Mcf	31.7500	5,239,512	31.7500	5,239,512	
Distribution Charge	31,227,584	Therms	0.086102	2,688,757	0.090917	2,839,118	
Total Base Revenues				\$ 8,351,269		\$ 8,501,630	1.8%
			<u>LVS</u>		<u>LVS</u>		
<u>Large Volume Service</u>							
Customer Charge	300	Bills	\$ 1,050.00	\$ 315,000	\$ 1,050.00	\$ 315,000	
Demand Charge	299,496	Mcf	18.7500	5,615,550	18.7500	5,615,550	
Distribution Charge	64,590,601	Therms	0.057768	3,731,270	0.060461	3,905,212	
Total Base Revenues				\$ 9,661,820		\$ 9,835,762	1.8%
			<u>EGS</u>		<u>EGS</u>		
<u>Electric Generation Service</u>							
Customer Charge	157	Bills	\$ 79.00	\$ 12,403	\$ 79.00	\$ 12,403	
Demand Charge	9,396	Mcf	8.250	77,517	8.250	77,517	
Distribution Charge (Nov - Mar.)	763,767	Therms	0.157677	120,428	0.161126	123,063	
Distribution Charge (Apr - Oct.)	1,002,386	Therms	0.127677	127,982	0.131126	131,439	
Total Base Revenues				\$ 338,330		\$ 344,422	1.8%

**SOUTH JERSEY GAS COMPANY
ACCELERATED INFRASTRUCTURE REPLACEMENT PROGRAM (AIRP II)
BASE AND TOTAL REVENUES AT PRESENT AND PROPOSED RATES**

<u>Component</u>	<u>Amount</u>	<u>Units</u>	<u>Present Rates (Effective November 1, 2021)</u>		<u>Proposed Rates (Effective January 1, 2022)</u>		
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
			<u>EGS-LV</u>		<u>EGS-LV</u>		
<u>Electric Generation Service - Large Volume</u>							
Customer Charge	108	Bills	\$ 750.00	81,000	\$ 750.00	81,000	
Demand Charge	20,400	Mcf	25.547411	521,167	26.078814	532,008	
Total Base Revenues				\$ 602,167		\$ 613,008	1.8%
			<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	220.00	2,640	220.00	2,640	
Cust. Charge 25,000+ CFH	84	Bills	925.00	77,700	925.00	77,700	
Distribution Charge	1,719,145	Therms	0.222132	381,877	0.226977	390,206	
Subtotal Distribution				\$ 462,667		\$ 470,996	1.8%
Compression Charge	426,388	Therms	0.6133	261,495	0.6133	261,495	
Total Base Revenues				\$ 724,162		\$ 732,492	
			<u>GLS</u>		<u>GLS</u>		
<u>Gas Lights Service</u>							
Yard Lights	48	Mantles	\$ 10.207529	\$ 5,880	\$ 10.391292	\$ 5,985	
Street Lights	36	Mantles	\$ 11.003867	4,754	\$ 11.201966	4,839	
Total Base Revenues				\$ 10,633		\$ 10,825	1.8%
TOTAL SYSTEM BASE DISTRIBUTION REVENUES				\$ 371,436,265		\$ 378,118,535	1.8%
TOTAL SYSTEM INCLUDING OTHER REVENUES				\$ 371,436,265		\$ 378,118,535	1.8%

INCREASE	6,682,271
TARGET INCREASE	6,682,143
Difference	\$128