



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 TO)
REVISE THE RIDER "H" RATE ASSOCIATED WITH)
THE TAX CUTS AND JOBS ACT OF 2017)

DECISION AND ORDER
APPROVING STIPULATION
BPU DOCKET NO. GR22060365

Parties of Record:

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

BY THE BOARD:

On June 1, 2022, South Jersey Gas Company ("SJG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking approval to revise its Rider H rate ("True Up Petition"). By this Order, the Board considers a stipulation of settlement ("Stipulation") executed by SJG, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND AND PROCEDURAL HISTORY

On December 22, 2017, the Federal Tax Cuts and Jobs Act was signed into law ("2017 Act"). The 2017 Act provided changes to the Federal Internal Revenue Tax Code, including a reduction in the maximum corporate tax rate from thirty-five percent (35%) to twenty-one percent (21%).

On January 31, 2018, the Board directed affected utilities to file petitions proposing new rates reflecting the impact of the 2017 Act.¹ Specifically, the Generic TCJA Order directed the affected utilities, including SJG, to file amended tariffs reflecting a reduction in rates resulting from the reduction in the corporate tax rate effective April 1, 2018, as well as develop a plan to address other rate factors and to refund any over-collection in rates. On March 2, 2018, SJG filed a petition

¹ In re the New Jersey Board of Public Utilities Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001, Order dated January 31, 2018 ("Generic TCJA Order"). The affected utilities are investor-owned gas, electric, water and wastewater companies under the jurisdiction of the Board. In addition, affected utilities shall be those with 2017 revenues equal to or greater than \$4.5 million.

pursuant to the Generic TCJA Order that included a proposed plan as well as tariff sheets reducing its gas rates to reflect the impact of the 2017 Act.

On March 26, 2018, the Board issued an Order authorizing the implementation of the Company's proposed rate reduction, on an interim basis, effective April 1, 2018.² In the March 2018 Order, the Board deferred, until a later date, a decision on the Company's proposed refund and tariff rider. By Order dated September 17, 2018, the Board finalized the interim rates effective October 1, 2018, and issued a customer refund of approximately \$13.9 million, including interest and excluding tax, on October 14, 2018.³ The September 2018 Order also authorized the Company to implement its proposed Rider H, with an initial per therm credit rate of \$0.013043, to refund the Company's unprotected (non-rate base related) Excess Deferred Income Taxes ("EDITs") balance over a five (5) year period, with interest at the Company's short-term debt rate effective October 1, 2018.⁴ Pursuant to the September 2018 Order, the Company was to submit an annual Rider H true up filing on June 1 of each year to establish future Rider H rates, with a proposed effective date of October 1 of each year.

TRUE UP PETITION

In the True Up Petition, SJG sought approval to implement a proposed per therm Rider H credit rate of \$0.018885 for the period October 1, 2022 through September 30, 2023. This proposed credit rate reflected a per therm decrease of \$0.004416 per therm from the current per therm Rider "H" credit rate of \$0.023301. The True Up Petition provided actual information through April 30, 2022, and projected information through September 30, 2023.

The Company calculated the newly proposed Rider H credit rate as set forth in the chart below:

Unprotected Excess DFIT Amortization	(\$10,402,047)
Protected Excess EDIT Catch UP Amortization	(\$641,184)
Projected Carrying Costs	(\$19,751)
Beginning Over (Under) Refunded Balance	\$1,557,648
Total Refund	(\$9,505,334)
Therm Sales Projection	537,999,605
Rate Per Therm, Excluding SUT & PUA	\$(0.017668)
Rate Per Therm, Including SUT & PUA	\$(0.018885)

After publication of notices in newspapers in general circulation in the Company's service territory,

² In re the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001 and In re the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket No. GR18030230, Order dated March 26, 2018 ("March 2018 Order").

³ In re the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001 and In re the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket No. GR18030230, Order dated September 17, 2018 ("September 2018 Order").

⁴ All rates quoted herein include Sales and Use Tax ("SUT") and Public Utility Assessment ("PUA").

public hearings were conducted virtually on August 24, 2022 at 4:30 p.m. and 5:30 p.m.⁵ No members of the public appeared at the hearings or filed comments to the Board regarding the June 2022 Petition.

STIPULATION

Following a review of the True Up Petition and conducting discovery, the Parties executed the Stipulation, which provides for the following:⁶

1. The Parties agree that, based on the information provided in the Schedules attached to the Direct Testimony of Cindy Capozzoli, Director, Rates, the proposed Rider "H" credit rate is \$0.018885 per therm in order to refund approximately \$9.5 million for the period beginning October 1, 2022 and ending September 30, 2023, reflecting a decrease of \$0.0044162 per therm from the current Rider "H" credit rate of \$0.023301 per therm, is just and reasonable. Accordingly, it is both reasonable and in the public interest for the Board to authorize SJG to implement as final, the Rider "H" credit rate of \$0.018885 per therm until the Company submits its next annual Rider "H" true-up filing or the Board issues an Order changing such rates.
2. As a result of the Stipulation, the change in credit rate on the monthly bill of a residential heating customer using 100 therms of natural gas in a winter month is an increase of \$0.44, or 0.3%.

⁵ The hearings were held virtually due to the COVID-19 pandemic.

⁶ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

DISCUSSION AND FINDINGS

The Board reviewed the record in this proceeding, including the True Up Petition and the Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable 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** a per therm Rider H credit rate of \$0.018885, effective for service rendered on and after April 1, 2023. As a result of the Stipulation, a typical residential heating customer using 100 therms of natural gas in a winter month will experience a monthly increase of \$0.44, or 0.3%.

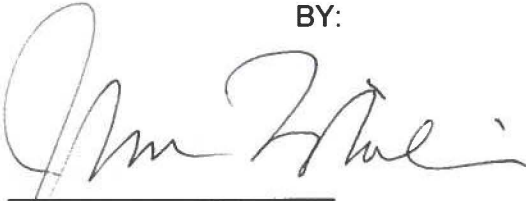
The Board **HEREBY DIRECTS** SJG to file the appropriate tariff sheets conforming to the terms of the Stipulation prior to April 1, 2023.

The Company's costs 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.

The effective date of this Order is March 13, 2023.

DATED: March 6, 2023


BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



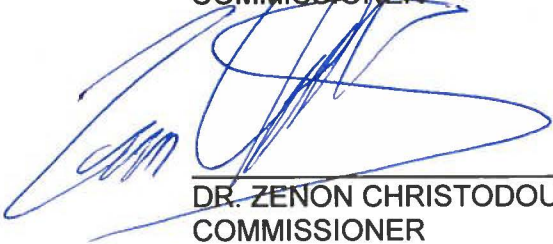
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

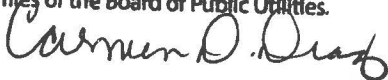


DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:


CARMEN D. DIAZ
ACTING SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.



IN THE MATTER OF PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL TO REVISE
THE RIDER "H" RATE ASSOCIATED WITH THE TAX CUTS AND JOBS ACT OF 2017

DOCKET NO. GR22060365

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>Carmen D. Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Division of Water and Energy</u></p> <p>Michael Kammer, Director mike.kammer@bpu.nj.gov</p> <p>Malike Cummings, Deputy Director malike.cummings@bpu.nj.gov</p> <p>Scott Sumliner scott.sumliner@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Michael Beck, General Counsel Michael.beck@bpu.nj.gov</p> <p>Carol Artale, Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Senior Counsel heather.weisband@bpu.nj.gov</p> <p>Michael Hunter, Regulatory Officer michael.hunter@bpu.nj.gov</p>	<p><u>South Jersey Gas Company</u></p> <p>Deborah M. Franco, Esq. SJI Utilities, Inc. 520 Green Lane Union, NJ 07083 dfranco@sjindustries.com</p> <p>1 South Jersey Place Atlantic City, NJ 08401</p> <p>Cindy Capozzoli ccapozzoli@sjindustries.com</p> <p>Carolyn Jacobs cjacobs@sjindustries.com</p> <p><u>New Jersey 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, Esq., Managing Attorney mcaroselli@rpa.nj.gov</p> <p>Sarah Steindel, Esq. ssteinde@rpa.nj.gov</p> <p>Megan Lupo, Esq. mlupo@rpa.nj.gov</p>
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<p>Division of Law NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p>	
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520 Green Lane
Union, NJ 07083
T: (973) 886-7635
skelly@sjindustries.com

Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

February 1, 2023

Carmen Diaz, Acting Secretary
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Rider "H" Rate Associated with the Tax Cuts and Jobs Act of 2017
BPU Docket No. GR22060365**

Dear Acting Secretary Diaz:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of South Jersey Gas Company, the Staff of the Board of Public Utilities and the Division of Rate Counsel. It is respectfully requested that the Board consider the Stipulation at the February 17, 2023 agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheree L. Kelly".

Sheree L. Kelly, Esq.

Enclosure

cc: See attached Service List

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
FOR APPROVAL TO REVISE THE RIDER “H” RATE ASSOCIATED WITH THE
TAX CUTS AND JOBS ACT OF 2017
BPU DOCKET NO. GR22060365**

SERVICE LIST

NJ BOARD OF PUBLIC UTILITIES

Carmen Diaz, Acting Board Secretary
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
carmen.diaz@bpu.nj.gov.

Cindy Bianco
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
cindy.bianco@bpu.nj.gov

Mike Kammer
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
Mike.kammer@bpu.nj.gov

Malike Cummings
Division of Energy
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
malike.cummings@bpu.nj.gov.

Scott Sumliner
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
Scott.sumliner@bpu.nj.gov

DIVISION OF LAW

Terel Klein, DAG
Dept. of Law & Public Safety
Division of Law
RJ Hughes Justice Complex
25 Market Street, 7th Floor West
P.O. Box 112
Trenton, NJ 08625
Terel.Klein@law.njoag.gov.

DIVISION OF RATE COUNSEL

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mcaroselli@rpa.nj.gov

Brian O. Lipman, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Megan Lupo
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mlupo@rpa.nj.gov

RATE COUNSEL CONSULTANTS

Robert J. Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870
rhenkes@optonline.net

SOUTH JERSEY GAS COMPANY

Deborah M. Franco, Esq.
VP, Rates, Regulatory & Sustainability
SJI Utilities
520 Green Lane
Union, NJ 07083
dfranco@sjindustries.com

Cindy Capozzoli
Director, Rates
SJI Utilities
One South Jersey Place
Atlantic City, NJ 08401
ccapozzoli@sjindustries.com

James G. Fredericks
Rates Analyst Lead
South Jersey Gas Company
One South Jersey Place
Atlantic City, NJ 08401
jfredericks@sjindustries.com

Carolyn A. Jacobs
Regulatory Compliance Specialist Sr.
SJI Utilities
One South Jersey Place
Atlantic City, NJ 08401
cjacobs@sjindustries.com

Sheree Kelly
Regulatory Affairs Counsel
SJI Utilities
520 Green Lane
Union, NJ 07083
skelly@sjindustries.com

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

IN THE MATTER OF THE PETITION OF)	
SOUTH JERSEY GAS COMPANY FOR)	BPU DOCKET NO. GR22060365
THE APPROVAL TO REVISE THE RIDER)	
“H” RATE ASSOCIATED WITH THE TAX)	STIPULATION FOR FINAL
CUTS AND JOB ACT OF 2017)	RIDER “H” CREDIT RATE
)	
)	

STIPULATION AND AGREEMENT

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, SJ Utilities, Inc. for South Jersey Gas Company (“Petitioner”).

Maura Caroselli, Esq., Managing Attorney, Gas and Clean Energy, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

Terel Klein, Esq., Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

On June 1, 2022, South Jersey Gas Company (“SJG” or “Company”) submitted its annual true-up filing with the New Jersey Board of Public Utilities (“Board” or “BPU”) Rider “H” credit rate associated with the Tax Cuts and Jobs Act of 2017 (“2022 True Up Petition”).

BACKGROUND

1. The Board established Rider “H” on October 1, 2018 by way of Board Order issued on September 17, 2018, and designed Rider “H” to refund the Company’s excess deferred income taxes (“EDIT”) resulting from the Tax Cuts and Jobs Act of 2017.¹

¹ In the Matter of the New Jersey Board of Public Utilities’ Consideration of the Tax Cuts and Jobs Act of 2017 AND In the Matter of the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket Nos. AX18010001 and GR18030230, Order dated September 17, 2018.

2. On June 3, 2019, the Company submitted its first annual true-up of Rider “H” in BPU Docket No. GR19060701, seeking to modify the then-current credit rate of \$0.013043 per therm to a credit rate of \$0.012207 per therm (“2019 True Up Petition”). The proposed rate included the refund of the net Protected EDIT and Unprotected EDIT.²

3. In its May 2020 Order related to the 2019 True Up Petition, the Board approved the first Rider “H” rate adjustment with an effective date of June 1, 2020.³ The approved Rider “H” credit rate of \$0.020239 per therm reflected an increase of \$0.007196 per therm from the then-current credit rate of \$0.013043 per therm and consisted of the Unprotected EDIT refund only. The May 2020 Order also resolved all issues related to the 2019 True Up Petition.

4. On June 1, 2020, the Company submitted its second annual true-up of Rider “H” in BPU Docket No. GR20060382 to effectuate the return of \$14.9 million to its customers (“2020 True Up Petition”). The Company sought approval to implement a proposed Rider “H” credit rate of \$0.029906 per therm for the period October 1, 2020 through September 30, 2021. In its September 2020 Provisional Order related to the 2020 True Up Petition, the Board approved, on an interim basis, a credit rate of \$0.029906 per therm effective October 1, 2020.⁴

5. On September 23, 2020, the Board issued its Order in the Company’s 2020 Base Rate Case in BPU Docket No. GR20030243 (“2020 Base Rate Case Order”).⁵ Pursuant to the 2020 Base Rate Case Order, SJG was required to return \$1,923,552 to customers through Rider

² All rates quoted herein include Sales and Use Tax.

³ In the Matter of the New Jersey Board of Public Utilities’ Consideration of the Tax Cuts and Jobs Act of 2017 AND In the Matter of the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017 AND In the Matter of the Petition of South Jersey Gas Company for Approval to Revise Rider “H” Rate Associated with the Tax Cuts and Jobs Acts of 2017, BPU Docket Nos. AX18010001, GR18030230 and GR19060701, Order dated May 20, 2020 (“May 2020 Order”).

⁴ In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Rider “H” Rate Associated with the Tax Cuts and Jobs Acts of 2017, BPU Docket No. GR20060382, Order dated September 23, 2020 (“September 2020 Provisional Order”).

⁵ In the Matter of the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions, BPU Docket No. GR20030243, Order dated September 23, 2020 (“2020 Base Rate Case Order”).

“H” over its remaining three (3) year term (“Protected EDIT Catch Up”). For the period January 1, 2018 to June 30, 2019, SJG recorded a regulatory liability of \$1,923,552 composed of both the amortizations of (a) the Excess Accumulated Deferred Income Tax (“ADIT”) Liability Depreciation-Related under the Average Rate Assumption Method (“ARAM”) and (b) the Excess ADIT Asset Net Operating Loss (“NOL”) under the Reverse South Georgia Method (“RSGM”). This net regulatory liability balance represented the accumulated balance of the amortization of the Protected Excess ADIT calculated using the ARAM, and the amortization of the NOL ADIT calculated using the RSGM, during the period January 1, 2018 through June 30, 2019 which had not yet been refunded to the customers.

6. Accordingly, to effectuate the return of the Protected EDIT Catch Up of \$1,923,552 through Rider “H”, the Company implemented a credit rate of \$0.001286 per therm on a provisional basis, subject to refund and a full review. The approved credit rate became effective October 1, 2020 simultaneously with the provisional rate approved by the Board in the September 2020 Provisional Order.

7. The resulting combined Rider “H” provisional rate effective October 1, 2020 was a credit rate of \$0.031192 per therm. That credit rate represented the sum of \$0.029906 per therm from the Company’s 2020 True Up Petition, and \$0.001286 per therm from the Company’s 2020 Base Rate Case proceeding. The resulting impact on the bill of a residential customer using 100 therms during a winter month was a decrease of \$1.09 or 0.8%.

8. In its March 2021 Order, the Board approved as final the Company’s previously approved Rider “H” credit rate of \$0.031192 per therm.⁶

9. On June 1, 2021, the Company submitted its third annual true-up of Rider “H”

⁶ In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Rider “H” Rate Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket No. GR20060382, Order dated March 24, 2021 (“March 2021 Order”).

in BPU Docket No. GR21060880 to effectuate the return of \$11.7 million to its customers (“2021 True Up Petition”). The Company sought approval to implement a proposed Rider “H” credit rate of \$0.022930 per therm for the period October 1, 2021 through September 30, 2022. In its March 2022 Order related to the 2021 True Up Petition, the Board approved as final a credit rate of \$0.023301 per therm effective April 1, 2022.⁷

10. In the 2022 True Up Petition, the Company proposed to reduce its Rider “H” credit rate from \$0.023301 per therm to a credit rate of \$0.018885 per therm to refund a total amount of approximately \$9.5 million for the period October 1, 2022 through September 30, 2023.

11. The proposed Rider “H” credit rate would be applicable to all customer classes identified in Rider “H” to the Company’s Tariff. The impact of this proposed change in credit rate on the bill of a residential heating customer using 100 therms of natural gas in a winter month is an increase of \$0.44, or 0.3%.

12. Following public notice published in newspapers of general circulation within South Jersey’s service territory, two (2) virtual public hearings for the 2022 True Up Petition were held on August 24, 2022 at 4:30 PM and 5:30 PM.⁸ No members of the public attended to express their views on this filing. The Board received no written comments on this matter.

STIPULATION

SJG, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”), the only parties to this proceeding (collectively, “Parties”), discussed certain matters at issue in these proceedings and hereby **STIPULATE AND AGREE** to the following findings, conclusions, and determinations for the purpose of a full, final, and complete resolution of the issues raised in the

⁷ In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Rider “H” Rate Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket No. GR21060880, Order dated March 9, 2022 (“March 2022 Order”).

⁸ Hearings were held virtually due to the COVID-19 Pandemic.

2022 True Up Petition.

1. The Parties agree that, based on the information provided in the Schedules attached to the Direct Testimony of Cindy Capozzoli, Director, Rates, the proposed Rider “H” credit rate is \$0.018885 per therm in order to refund approximately \$9.5 million for the period beginning October 1, 2022 and ending September 30, 2023, reflecting a decrease of \$0.0044162 per therm from the current Rider “H” credit rate of \$0.023301 per therm, is just and reasonable. Accordingly, it is both reasonable and in the public interest for the Board to authorize SJG to implement as final the Rider “H” credit rate of \$0.018885 per therm until the Company submits its next annual Rider “H” true-up filing or the Board issues an Order changing such rates.

2. As a result of this Stipulation, the change in credit rate on the monthly bill of a residential heating customer using 100 therms of natural gas in a winter month is an increase of \$0.44, or 0.3%.

3. The Company will submit tariff sheets within five (5) days of the effective date of the Board’s Order approving this Stipulation.

4. This Stipulation provides a final resolution in this proceeding.

5. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

6. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event 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.

7. It is specifically understood and agreed that this Stipulation represents a negotiated

agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, SJG, Board 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.

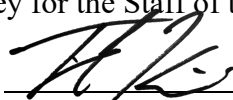
WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

SOUTH JERSEY GAS COMPANY



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

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By:  _____ 2/1/23
Terel Kfein, Esq.
Deputy Attorney General

BRIAN O. LIPMAN
DIRECTOR, DIVISION OF RATE COUNSEL

By: /s/ Sarah H. Steindel 2/1/23
Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel