STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO CHANGE THE LEVELS OF ITS SOCIETAL BENEFITS CLAUSE ("SBC") AND ITS TRANSPORTATION INITIATION CLAUSE ("TIC")

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Stacy A. Mitchell, Esq., South Jersey Gas Company

BY THE BOARD:

On July 31, 2017, South Jersey Gas Company ("SJG" or "Company") filed a petition ("Petition") in Docket No. GR17070801 with the New Jersey Board of Public Utilities ("Board") requesting approval to change rates pertaining to its Transportation Initiation Clause ("TIC"), and two (2) elements of the Company’s Societal Benefits Clause ("SBC"): 1) the Remediation Adjustment Clause ("RAC"), and 2) the Clean Energy Program ("CLEP"). By this Decision and 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 all issues related to this docket.

BACKGROUND

The SBC was created as a result of the Electric Discount and Energy Competition Act, and is comprised of a number of components: 1) the RAC; 2) the CLEP, 3) the Universal Service Fund ("USF") and 4) the Lifeline Program charges. The RAC allows the Company to adjust its rates to recover reasonably incurred environmental remediation costs associated with the clean-up of its former manufactured gas plant ("MGP") sites, on a deferred basis over a rolling seven (7) year period with carrying charges tied to seven (7) year treasuries plus sixty (60) basis points. The CLEP recovers costs associated with energy efficiency and renewable energy programs related to the New Jersey Clean Energy Program. The USF and Lifeline Programs were established to help provide affordable electric and natural gas service to eligible New Jersey residential customers. The USF and Lifeline components of the SBC were addressed in docket number ER17060676.
The TIC was designed to recover all reasonable and prudent development and operating costs relating to Electronic Data Interchange ("EDI"). The Board, by Order in Docket No. GX99030121 directed that EDI be implemented to allow information to be exchanged electronically between gas distribution utilities and sellers of gas to customers.

PETITION

In the Petition, SJG sought approval to increase the revenues recovered through the RAC, CLEP and TIC by approximately $8.5 million. The increase in the SBC charge was the result of a $3.1 million increase in the level of its RAC related to expenditures for the remediation year August 1, 2016 to July 31, 2017 and a $4.6 million increase to the revenue recovered through its CLEP for the period November 1, 2017 through October 31, 2018. Additionally, SJG sought authorization to increase its TIC revenues by approximately $0.8 million. Accordingly, this would result in a decrease of approximately $7.5 million in revenues from what is currently being recovered from customers.

At the time of filing, the then effective rates were set by Board Order dated May 31, 2017, which authorized SJG to implement per therm rates for the RAC and CLEP of $0.029166 and $0.020110, respectively. The May 2017 Order also authorized SJG to implement a TIC credit of $0.000411 per therm.

In response to discovery requests, the Company updated its petitioned recovery amounts and rates based upon actual data for November 2016 through September 2017, and projected information for the period October 2017 through October 2018. Based on the updated information, the Company's proposed increase was increased to $9.6 million from the $8.5 million in the Petition.

After publication of notice in newspapers in general circulation in the Company's service territory, public hearings in this matter were conducted on December 4, 2017 at 4:30 p.m. and 5:30 p.m. in Voorhees, New Jersey. Members of the public appeared and general comments about third party suppliers and rate increases were entered into the record. The Board did not receive any written comments.

STIPULATION

Following review of the Petition and discovery responses, the Parties executed the Stipulation on January 11, 2018. The Stipulation provides for the following:

12. The Parties agree that the Company's proposed RAC rate component of $0.034639 per therm (including taxes) should be implemented and made final.

13. The Parties further agree that the Company's proposed CLEP rate component of $0.030150 per therm (including taxes) should be implemented and made final.

1 In re the Petition of South Jersey Gas Company to Change the Level of its Societal Benefits Clause ("SBC") and its Transportation Initiation Clause ("TIC"), BPU Docket No. GR16080728 (May 31, 2017) ("May 2017 Order").

2 All rates quoted herein are inclusive of taxes, unless otherwise noted.

3 Although described 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 reflect numbering in the Stipulation.
The Parties further agree that the Company's proposed TIC rate component of $0.001574 per therm (including taxes) should be implemented and made final.

The Parties agree that SJG's Manufactured Gas Plant ("MGP") remediation costs will remain subject to Board audit. Additionally, SJG will continue to conduct an annual audit of the RAC to assess the validity of the expenses being charged to the RAC. SJG also represents that the Stipulation does not include recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") related to MGP claims or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the Petition. The Company further represents that no MGP related properties were leased or sold during the RAC remediation period for which the RAC rate is established.

The RAC, CLEP and TIC rate changes translate to a bill increase of $1.76, or 1.27% for the average residential heating customer using 100 therms during a winter month.

The Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety (90) days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expenses or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustments of the RAC factor is subject to the Parties' review of SJG's expenditures and reconciliation thereof in SJG's future RAC and/or SBC proceedings.

The Parties agree that the terms of the Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could be included in the calculation of the Company's deferred RAC balance, except as described in Paragraph 15 of the Stipulation with respect to NRD related costs and incentive compensation costs or pension costs.

The Company agrees that it will include in its future RAC filings, responses to the minimum filing requirements ("MFR")s as set forth in Exhibit of the Stipulation. At a minimum, the Company agrees to provide hard copies of the filings and the MFRs to the Board, Rate Counsel, and the consultants to Rate Counsel.

**DISCUSSION AND FINDINGS**

The Board, having carefully reviewed the record in this proceeding, including the Petition and the attached Stipulation, **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation, as if fully set forth herein.

The Board **HEREBY APPROVES** the revised after-tax per therm rates as follows: the RAC at $0.034639, the CLEP at $0.030150, and the TIC at 0.001574, effective for service rendered on or after February 10, 2018.
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order by February 10, 2018.

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

The effective date of this Order is February 5, 2018.

DATED: 1/31/18

[Signature]

JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

UPENDRA J. CHIVUKULA
COMMISSIONER

CARMEN D. DIAZ
ASSISTANT BOARD 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 THE PETITION OF SOUTH JERSEY GAS COMPANY TO CHANGE THE LEVEL OF ITS SOCIETAL BENEFITS CLAUSE ("SBC") AND ITS TRANSPORTATION INITIATION CLAUSE ("TIC") - BPU DOCKET NO. GR17070801

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January 11, 2018

Irene Kim Asbury, Board Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor  
P. O. Box 350  
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of South Jersey Gas Company to Change the Levels of Its Societal Benefits Clause ("SBC") and its Transportation Initiation Clause ("TIC")  
BPU Docket No. GR17080801

Dear Secretary Asbury:

Enclosed please find a fully executed Stipulation in the referenced matter. If you have any questions concerning the enclosed, please feel free to contact me directly.

Thank you for your attention to this matter.

Respectfully,

Stacy A. Mitchell

SAM  
Enclosure

cc: Service List (via email)
IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
TO CHANGE THE LEVELS OF ITS SOCIETAL BENEFITS CLAUSE ("SBC")
AND ITS TRANSPORTATION INITIATION CLAUSE ("TIC")
BPU DOCKET NO. GR17070801

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IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO
CHANGE THE LEVELS OF ITS
SOCIAL BENEFITS CLAUSE ("SBC")
AND ITS TRANSPORTATION
INITIATION CLAUSE ("TIC")

APPEARANCES:

Stacy A. Mitchell, Esquire, Senior Director, Regulatory Affairs, for South Jersey Gas Company ("Petitioner").

Felicia Thomas-Friel, Esquire, Deputy Rate Counsel, and Maura Caroselli, Esquire, Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel, Stefanie Brand, Director ("Rate Counsel").

Alex Moreau and Veronica Beke, Deputy Attorneys General, on behalf of the Staff of the Board of Public Utilities ("Staff") (Christopher S. Porrino, Attorney General of the State of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

This Stipulation is intended to resolve the pending Societal Benefits Clause ("SBC") proceeding (hereinafter referred to as this "Proceeding"), by which South Jersey Gas Company ("South Jersey" or "Company") seeks to increase the annual revenue level of its Societal Benefits Clause ("SBC"), through an increase in its Remediation Adjustment Clause ("RAC") and an increase of its Clean Energy Program ("CLEP") charge, both components of the SBC, and an increase of its Transportation Initiation Clause ("TIC"). The parties participating in this Proceeding include South Jersey, the New Jersey Division of Rate Counsel ("Rate Counsel"), and the New Jersey Board of Public Utilities Staff ("Staff") (collectively, the "Parties"). Following review and analysis of the Petition, Pre-Filed Exhibits, Schedules and
Discovery, the Parties to this proceeding agree and stipulate to the following Procedural History and Stipulated Terms of settlement:

**PROCEDURAL HISTORY**

1. By Petition filed July 31, 2017 (the "Petition"), consistent with N.J.S.A. 48:2-21, South Jersey, a public utility corporation of the State of New Jersey, requested that the New Jersey Board of Public Utilities ("Board") authorize a $8.5 million increase in the annual level of its SBC and TIC charges, including sales and use taxes ("SUT"). The proposed increase in recoveries total $8.5 million, comprising: (i) a $3.1 million increase to the RAC for remediation year August 1, 2016 to July 31, 2017; (ii) a $4.6 million increase to the CLEP for the period November 1, 2017 through October 31, 2018; and (iii) a $0.8 million increase to the TIC.

2. In support of its Petition, South Jersey submitted the following summary of the RAC rate calculation:

<table>
<thead>
<tr>
<th>Remediation Year</th>
<th>Projected Aug '16 - July '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of Recoverable Cost</td>
<td>$17,418,924</td>
</tr>
<tr>
<td>Less: Deferred Tax Benefit</td>
<td>$974,397</td>
</tr>
<tr>
<td>Amortization</td>
<td>$16,444,527</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recovery Year</th>
<th>Projected Nov '17 - Oct '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>$16,444,527</td>
</tr>
<tr>
<td>Carrying Cost</td>
<td>$3,536,029</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$19,980,556</td>
</tr>
<tr>
<td>Prior Year Reconciliation</td>
<td>$9,286,592</td>
</tr>
<tr>
<td>Expenses to be Recovered</td>
<td>$29,267,148</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Total Company Firm Revenues (Aug 1, 2015 – July 31, 2016)</td>
<td>$362,294,962</td>
</tr>
<tr>
<td>Recoverable Expenses as a % of Preceding Year Revenues</td>
<td>8.08%</td>
</tr>
<tr>
<td>Cost Recovery Limit Per Company Tariff (5% CAP)</td>
<td>5.00%</td>
</tr>
<tr>
<td>Total Allowable Expenses (Up to 5% CAP)</td>
<td>$18,114,748</td>
</tr>
<tr>
<td>Recoverable Expenses in Excess of 5% CAP</td>
<td>$11,152,400</td>
</tr>
<tr>
<td>(Deferred to Subsequent RAC Recovery Year)</td>
<td></td>
</tr>
</tbody>
</table>

3. In its Petition, South Jersey requested a RAC rate of $0.034720 per therm, a CLEP rate of $0.028397 per therm, and a TIC rate of $0.001648 per therm, all including taxes. The rates requested in the Petition were derived utilizing actual information for the period November 2016 through May 2017, and projected information for the period June 2017 through October 2018.

4. At the time of the filing of the Petition the then effective RAC, CLEP and TIC rates, as approved by Board Order dated May 31, 2017 in Docket No. GR16080728, were as follows: (i) a RAC rate component of $0.029166 per therm; (ii) a CLEP rate component of $0.020110 per therm; and (iii) a TIC rate component credit of $(0.000411) per therm, all including taxes.

5. During the pendency of this Proceeding, South Jersey received and responded to multiple Discovery Requests, including Discovery Request RCR-A-012, which sought updated schedules and rates utilizing actual information for the period November 2016 through September 2017, and projected information for the period October 2017 through October 2018.

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1 At the time of the filing, the SUT rate was 6.875%. Effective January 1, 2018, the SUT rate was reduced to 6.625%.
6. In response to Discovery Request RCR-A-012, South Jersey submitted the following updated summary of the RAC rate calculation:

<table>
<thead>
<tr>
<th>Remediation Year</th>
<th>Actual</th>
<th>Aug '16 - July '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of Recoverable Cost</td>
<td>$16,943,889</td>
<td></td>
</tr>
<tr>
<td>Less: Deferred Tax Benefit</td>
<td>$872,190</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>$16,071,699</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recovery Year</th>
<th>Actual and Projected</th>
<th>Nov '17 - Oct '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>$16,071,699</td>
<td></td>
</tr>
<tr>
<td>Carrying Cost</td>
<td>$3,102,523</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$19,174,222</td>
<td></td>
</tr>
<tr>
<td>Prior Year Reconciliation</td>
<td>$9,503,919</td>
<td></td>
</tr>
<tr>
<td>Expenses to be Recovered</td>
<td>$28,678,140</td>
<td></td>
</tr>
</tbody>
</table>

- Total Company Firm Revenues (Aug 1, 2015 – July 31, 2016) $362,294,962
- Recoverable Expenses as a % of Preceding Year Revenues 7.92%
- Cost Recovery Limit Per Company Tariff (5% CAP) 5.00%
- Total Allowable Expenses (Up to 5% CAP) $18,114,748
- Recoverable Expenses in Excess of 5% CAP (Deferred to Subsequent RAC Recovery Year) $10,563,392
7. Utilizing the updated information provided to the Parties in response to Discovery Request RCR-A-012, the net change in recoveries translated to a $9.6 million increase versus the $8.5 million net increase per the Petition, comprised of: (i) a $3.1 million increase to the RAC; (ii) a $5.7 million increase to the CLEP; and (iii) a $0.8 million increase to the TIC.

8. Utilizing this updated information, the proposed RAC rate would be modified to $0.034720 per therm, the CLEP rate would be modified to $0.030221 per therm and the TIC rate would be modified to $0.001578 per therm, all including taxes. See Summary and Rate Calculation, attached hereto as Exhibit A.

9. As stated in the Petition, the Universal Service Fund ("USF") and Lifeline components of the SBC (hereinafter "USF/Lifeline") were addressed in a separate proceeding approving an interim state-wide natural gas rate of $0.008700 per therm (after taxes), effective October 1, 2017. See I/M/O the 2017/2018 Annual Compliance Filings for the Universal Service Fund ("USF") Program Factor Within the Societal Benefits Charge Rate, Order Approving Interim USF Rates and Lifeline Rates, BPU Docket No. ER17060676 (September 22, 2017).

10. Public hearings in this matter, having been duly noticed in newspapers of general circulation within South Jersey’s service territory, were held on December 4, 2017, in Voorhees, New Jersey. Members of the public appeared, and comments were entered into the record.

11. Discovery has been propounded upon the Company, and all such discovery has been answered.
STIPULATED TERMS

12. The Parties accordingly STIPULATE AND AGREE that the Company’s proposed RAC rate component of $0.034639 per therm (including taxes\(^2\)) should be implemented and made final.

13. The Parties further STIPULATE AND AGREE that the Company’s proposed CLEP rate component of $0.030150 per therm (including taxes) should be implemented and made final.

14. The Parties further STIPULATE AND AGREE that the Company’s proposed TIC rate component of $0.001574 per therm (including taxes) should be implemented and made final.

15. The Parties agree that the South Jersey’s Manufactured Gas Plant (“MGP”) remediation costs will remain subject to Board audit. Additionally, South Jersey will continue to conduct an annual audit of the RAC to assess the validity of the expenses being charged to the RAC. South Jersey also represents that this Stipulation does not include recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage (“NRD”) related to MGP claims or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the Petition. The Company further represents that no MGP related properties were leased or sold during the RAC remediation period for which the RAC rate is established.

16. The RAC, CLEP and TIC rate changes translate to a bill increase of $1.76, or 1.27% for the average residential heating customer using 100 therms during a winter month.

17. The Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety (90) days of the completion of each RAC recovery year, which

\(^2\) The stipulated rates include the reduced SUT rate of 6.6625%.
reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expenses or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustments of the RAC factor is subject to the Parties’ review of South Jersey’s expenditures and reconciliation thereof in South Jersey’s future RAC and/or SBC proceedings.

18. The Parties agree that the terms of this Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could be included in the calculation of the Company’s deferred RAC balance, except as described in Paragraph 15 above with respect to NRD related costs and incentive compensation costs or pension costs.

19. The Company agrees that it will include in its future RAC filings, responses to the minimum filing requirements ("MFRs") as set forth in Exhibit B to this Stipulation. At a minimum, the Company agrees to provide hard copies of the filings and the MFRs to the Board, Rate Counsel, and the consultants to Rate Counsel. The Parties further acknowledge that a Board order approving this Stipulation will become effective upon 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.

20. Following acceptance of this Stipulation by the Board, South Jersey will submit a Compliance Filing incorporating the final rates approved by the Board within five (5) days of such approval.

MISCELLANEOUS

21. 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.

22. 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, the Parties 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.

23. 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 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: [Signature]

Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: [Signature]

Veronica Beke
Deputy Attorney General
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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:
Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs

CHRISTOPHER S. Porrino
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: [Signature]
Veronika Beke
Deputy Attorney General
STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: Maura Caroselli
Maura Caroselli, Esq.
Assistant Deputy Rate Counsel

Dated: January 11, 2018
## SOUTH JERSEY GAS COMPANY
### REMEDIATION ADJUSTMENT CLAUSE
#### SUMMARY AND RATE CALCULATION

**REMITION YEAR**

1. AMORTIZATION OF RECOVERABLE COST (RAC KJB-2)
2. LESS: DEFERRED TAX BENEFIT (RAC KJB-2)
3. AMORTIZATION (RAC KJB-2)

**RECOVERY YEAR**

4. AMORTIZATION (RAC KJB-2)
5. CARRYING COST (RAC KJB-3)
6. SUBTOTAL

**PRIOR YEAR RECONCILIATION - UNDER RECOVERY (RAC KJB-4)**

7. EXPENSES TO BE RECOVERED
8. TOTAL COMPANY FIRM REVENUES - (August 1, 2015 - July 31, 2016)
9. RECOVERABLE EXPENSES AS A % OF PRECEDING YEAR REVENUES
10. COST RECOVERY LIMIT PER COMPANY TARIFF (5% CAP)
11. TOTAL ALLOWABLE EXPENSES (UP TO 5% CAP)
12. RECOVERABLE EXPENSES IN EXCESS OF 5% CAP
13. (DEFERRED TO SUBSEQUENT RAC RECOVERY YEAR)

**THERM SALES PROJECTION - RECOVERY YEAR (SBC/TIC-1)**

14. RSG
15. GSG & GSG-LV
16. EGS
17. RSG-FT
18. GSG-FT & GSG-LV-FT
19. LVS-FT
20. TGS
21. FES & EGS-LV
22. ITS & IGS
23. NGV
24. TOTAL THERM SALES

**Rate per Therm (Excluding SUT & PUA)**

25. $0.032415
26. **Rate per Therm (Including SUT & PUA)**
27. $0.034639

**Actual**

<table>
<thead>
<tr>
<th>Aug '16 - July '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$16,943,889</td>
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<tr>
<td>$872,190</td>
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<td>$16,071,699</td>
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**Projected**

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<th>Nov '17 - Oct '18</th>
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<tr>
<td>$16,071,699</td>
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<tr>
<td>$3,102,623</td>
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<tr>
<td>$16,174,222</td>
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<tr>
<td>$9,503,919</td>
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<tr>
<td>$28,378,140</td>
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<tr>
<td>$362,294,962</td>
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<tr>
<td>7.92%</td>
</tr>
<tr>
<td>5.00%</td>
</tr>
<tr>
<td>$18,114,748</td>
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<tr>
<td>$10,563,392</td>
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<tr>
<td>$256,087,373</td>
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<td>$558,839,271</td>
</tr>
<tr>
<td>$0.032415</td>
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<tr>
<td>$0.034639</td>
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</table>
South Jersey Gas Company
NJ Clean Energy Program
Calculation of 2017-2018 Rate

1 Rate Calculation:
2
3 Forecasted Under-Recovered Balance as of October 31, 2017 $ 3,039,719 (CLEP KJB-2, Line 10)
4
5 Plus: November 2017 - October 2018 Expenses $ 12,694,316 (CLEP KJB-2, Line 22)
6
7 Carrying Costs $ 32,763 (CLEP KJB-2, Line 28)
8
9 Total CLEP Cost $ 15,766,797
10
11
12
13
14
15 Therm Sales Projection (SBC/TIC-1):
16
17 RSG 256,087,373
18 RSG FT 21,192,312
19 GSG & GSG-LV 55,757,267
20 GSG FT & GSG-LV FT 75,953,424
21 EGS 151,907
22 LVS FT 87,128,147
23 ITS 24,375,083
24 FES/EGS-LV 24,513,046
25 NGV 9,603,783
26 Total 558,612,742
27
28 Projected Nov '17 - Oct '18
29
30 CLEP Rate Per Therm (Excluding SUT & PU) $ 0.028215
31
32 CLEP Rate Per Therm (Including SUT & PU) $ 0.030150
South Jersey Gas Company
Transportation Initiation Clause
Calculation of 2017 - 2018 Rate

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Projected Under-recovered Balance at October 31, 2017</td>
<td>$739,539 (TIC KJB-2, Line 11)</td>
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<tr>
<td>2</td>
<td>Less: August 2017 through October 2017 Expenses</td>
<td>($150,388) (TIC KJB-2, Line 7)</td>
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<td>3</td>
<td>Carrying Cost</td>
<td>$15,124 (TIC KJB-2, Line 29)</td>
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<td>4</td>
<td>Total Cost</td>
<td>$805,275</td>
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<td>10</td>
<td>Therm Sales Projection:</td>
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<tr>
<td>11</td>
<td>Rate Schedule RSG</td>
<td>256,087,373</td>
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<tr>
<td>12</td>
<td>Rate Schedule RSG-FT</td>
<td>21,192,312</td>
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<tr>
<td>13</td>
<td>Rate Schedule GSG &amp; GSG-LV</td>
<td>56,767,267</td>
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<td>14</td>
<td>Rate Schedule GSG-FT &amp; GSG-LV-FT</td>
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<td>Total</td>
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<td>TIC Rate Per Therm (Excluding SUT &amp; PUA)</td>
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<tr>
<td>17</td>
<td>TIC Rate Per Therm (Including SUT &amp; PUA)</td>
<td>$0.001674</td>
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EXHIBIT A
Page 3 of 3
UPDATED
TIC KJB-1
Proposed RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period.

1. The Company currently provides a vendor summary as part of its annual RAC filing. This document provides a summary of the expenditures incurred by vendor by site for the twelve-month RAC period. Hereafter, the vendor summary will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through July 31st of each year will continue to be submitted with the Company's annual RAC filing.

2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting work papers, charts and tables.

3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding July 31st of the most recent RAC period.

4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed $250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling $100,000 or more for the period.

5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.

6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period.

7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the
previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.

8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.

9. Provide schedules and supporting work papers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.

10. Provide the Company's bid evaluation studies, reports, work papers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.

11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.

12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.

13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including work papers and supporting documentation.

14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.

15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones. The Parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control. Also, provide an update concerning the status of discussions with the NJDEP concerning its NRD Initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement.