

NOTICE OF FILING AND PUBLIC NOTICE

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO IMPLEMENT AN INFRASTRUCTURE INVESTMENT PROGRAM (“IIP”) AND ASSOCIATED RECOVERY MECHANISM PURSUANT TO N.J.S.A. 48:2-21 AND N.J.A.C. 14:3-2A

BPU DOCKET NO. GR20110726

PLEASE TAKE NOTICE that on November 19, 2020, South Jersey Gas Company (“South Jersey” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR20110726 seeking approval of a safety, modernization and reliability program and a related rider to the Company’s Tariff – Infrastructure Investment Program Tariff – to permit South Jersey to recover the costs of the proposed program (collectively the program and proposed Tariff rider will be referred to as “IIP”).

The Company is seeking Board approval to implement the IIP over a five-year period to modernize and enhance the reliability and safety of parts of its gas distribution system by replacing its vintage, at-risk facilities. These facilities include the replacement of 825 miles of vintage, at-risk coated steel main installed prior to the 49 CFR 192 code adoption (pre-code), and vintage plastic mains in South Jersey’s distribution system, and the installation of 43,500 excess flow valves on new service lines. The total expenditures associated with the IIP are projected to approximate \$742.5 million, excluding Allowance for Funds Used During Construction and costs associated with an independent IIP monitor.

South Jersey is also seeking Board approval to implement a Tariff rider that will enable it to recover, on a provisional basis, certain costs incurred in connection with the IIP, which South Jersey would file no later than April 2026. South Jersey proposes to make semi-annual IIP filings to recover IIP investments placed in service during the five-year program period proposed to commence on June 1, 2021, and remain in effect for five (5) years after the start of program with a proposed investment completion date of May 31, 2026. The IIP rider rate would be assessed to all of the Company’s firm customers under Service Classifications RSG, GSG, GSG-LV, CTS, LVS, EGS, EGS-LV, NGV, YLS and SLS.

South Jersey is not seeking to increase rates to recover IIP costs at this time. Nonetheless, South Jersey forecasts that the initial IIP rate increase anticipated to take effect March 1, 2022, would be designed to recover approximately \$8.0 million of IIP costs through a proposed rider rate. This rate would increase the annual bill of a residential heating customer using 1,000 therms by \$22.62 or 1.6% as compared to the current annual bill of \$1,454.01 as of March 1, 2021. The cumulative bill impact over the five-year program for a residential heating customer using 1,000 therms annually is \$226.36, or 14.7%.

Based upon current projections and assuming implementation of the IIP as proposed by the Company, the subsequent estimated incremental IIP rider rates and their impact on a residential customer using 1,000 therms annually are estimated as follows:

<u>Effective Date</u>	<u>IIP Incremental Residential Rate Per Therm</u>	<u>Annual Incremental Increase</u>	<u>Incremental % Change</u>
03/01/22	\$0.022615	\$22.62	1.6%
09/01/22	\$0.022630	\$22.63	1.5%
03/01/23	\$0.022644	\$22.64	1.5%
09/01/23	\$0.022630	\$22.63	1.5%
03/01/24	\$0.022644	\$22.64	1.5%
09/01/24	\$0.022630	\$22.63	1.5%
03/01/25	\$0.022644	\$22.64	1.4%
09/01/25	\$0.022630	\$22.63	1.4%
03/01/26	\$0.022644	\$22.64	1.4%
09/01/26	\$0.022658	\$22.66	1.4%

These rates are only estimates. The actual proposed rates would be subject to BPU approval and could be higher or lower depending on the Board's final determination and the date on which such rates are made effective.

The Board has the statutory authority to establish South Jersey's rates at levels it finds just and reasonable as well as to establish the effective date of such rates. Therefore, the BPU may establish the rates at levels and/or an effective date other than those proposed by South Jersey.

Any assistance required by customers in ascertaining the impact of the proposed rate increase will be provided by the Company upon request.

A copy of the Notice of Filing and Public Hearings on the Petition is being served upon the clerk, executive, or administrator of each municipality and county within the Company's service territory. The Petition and this Notice have also been sent to the New Jersey Division of Rate Counsel ("Rate Counsel"), who will represent the interests of all South Jersey customers in this proceeding. Copies of the Petition are available online at

www.southjerseygas.com/About-South-Jersey-Gas/Regulatory-Compliance-Tariff-Information.aspx.

Due to the COVID-19 pandemic, a telephonic public hearing will be conducted on the following day and times so that members of the public may present their views on the Company's filing.

Date: April 29, 2021

Public Hearing Times: 4:30 pm and 5:30 pm

Dial In: 1 866 984 3164

Conference ID: 380 174 622 followed by #

Representatives of the Company, Board Staff and Rate Counsel will participate in the telephonic public hearing. Members of the public are invited to participate by utilizing the Dial-In and Conference ID set forth above, and may express their views on this filing. Such comments will be made part of the final record of the proceeding to be considered by the Board. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters, 48 hours prior to the above hearings to the Board's Secretary at board.secretary@bpu.nj.gov.

The Board will also accept written and/or emailed comments. While all comments will be given equal consideration and will be made part of the final record of this proceeding, the preferred method of transmittal is via email or the portal to ensure timely receipt while the Board continues to work remotely due to the COVID-19 pandemic. Emailed comments may be filed with the Secretary of the Board, in PDF or Word format to board.secretary@bpu.nj.gov or through the Board's External Access Portal after obtaining a MyNewJersey Portal ID. Once an account is established, you will need an authorization code, which can be obtained upon request by emailing the Board's IT Helpdesk at BPUITHELPDESK@bpu.nj.gov. Detailed instructions for e-Filing can be found on the Board's homepage at <https://www.nj.gov/bpu/agenda/efiling>.

Written comments may be submitted to the Board Secretary, Aida Camacho-Welch, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350. All comments should include the name of the petition and the docket number.

SOUTH JERSEY GAS COMPANY

By: Melissa Orsen, President and Chief Operations Officer