

SOUTH JERSEY INDUSTRIES INC

Form 10-Q

August 04, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Exact name of registrant as specified in its charter and principal office address and telephone number	State of Incorporation	I.R.S. Employer Identification No.
1-6364	South Jersey Industries, Inc. 1 South Jersey Plaza Folsom, NJ 08037 (609) 561-9000	New Jersey	22-1901645
000-22211	South Jersey Gas Company 1 South Jersey Plaza Folsom, NJ 08037 (609) 561-9000	New Jersey	21-0398330

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that such registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that such registrant was required to submit and post such files). Yes  No

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

South Jersey Industries, Inc.:

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

South Jersey Gas Company:

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if either registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section

13(a) of the Exchange Act o

Indicate by check mark whether either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

South Jersey Industries, Inc. common stock (\$1.25 par value) outstanding as of August 1, 2017 was 79,549,014 shares. South Jersey Gas Company common stock (\$2.50 par value) outstanding as of August 1, 2017 was 2,339,139 shares. All of South Jersey Gas Company's outstanding shares of common stock are held by South Jersey Industries, Inc.

South Jersey Gas Company is a wholly-owned subsidiary of South Jersey Industries, Inc. and meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q. As such, South Jersey Gas Company files its Quarterly Report on Form 10-Q with the reduced disclosure format authorized by General Instruction H.

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## INTRODUCTION

### FILING FORMAT

This Quarterly Report on Form 10-Q is a combined report being filed separately by two registrants: South Jersey Industries, Inc. (SJI) and South Jersey Gas Company (SJG). Information relating to SJI or any of its subsidiaries, other than SJG, is filed by SJI on its own behalf. SJG is only responsible for information about itself.

Except where the content clearly indicates otherwise, any reference in the report to "SJI," "the Company," "we," "us" or "our" is to the holding company or SJI and all of its subsidiaries, including SJG, which is a wholly-owned subsidiary of SJI.

Part 1 - Financial information in this Quarterly Report on Form 10-Q includes separate financial statements (i.e., balance sheets, statements of income, statements of comprehensive income and statements of cash flows) for SJI and SJG. The Notes to Unaudited Condensed Consolidated Financial Statements are presented on a combined basis for both SJI and SJG. Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) included under Item 2 is divided into two major sections: SJI and SJG.

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## Item 1. Unaudited Condensed Consolidated Financial Statements

SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
 (In Thousands Except for Per Share Data)

	Three Months Ended June 30,	
	2017	2016
Operating Revenues:		
Utility	\$81,938	\$68,273
Nonutility	162,436	86,129
Total Operating Revenues	244,374	154,402
Operating Expenses:		
Cost of Sales - (Excluding depreciation)		
- Utility	32,331	19,508
- Nonutility	147,354	78,832
Operations	38,474	36,250
Maintenance	4,672	4,259
Depreciation	24,556	22,296
Energy and Other Taxes	1,551	1,243
Total Operating Expenses	248,938	162,388
Operating Loss	(4,564 )	(7,986 )
Other Income and Expense	2,317	4,361
Interest Charges	(10,979 )	(8,229 )
Losses Before Income Taxes	(13,226 )	(11,854 )
Income Taxes	5,544	7,189
Equity in Earnings (Losses) of Affiliated Companies	70	(133 )
Loss from Continuing Operations	(7,612 )	(4,798 )
Loss from Discontinued Operations - (Net of tax benefit)	(47 )	(29 )
Net Loss	\$(7,659 )	\$(4,827 )
Basic Earnings Per Common Share:		
Continuing Operations	\$(0.10 )	\$(0.06 )
Discontinued Operations	—	—
Basic Earnings Per Common Share	\$(0.10 )	\$(0.06 )
Average Shares of Common Stock Outstanding - Basic	79,549	75,298
Diluted Earnings Per Common Share:		
Continuing Operations	\$(0.10 )	\$(0.06 )
Discontinued Operations	—	—
Diluted Earnings Per Common Share	\$(0.10 )	\$(0.06 )
Average Shares of Common Stock Outstanding - Diluted	79,549	75,298
Dividends Declared Per Common Share	\$0.27	\$0.26

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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	Six Months Ended	
	June 30,	
	2017	2016
Operating Revenues:		
Utility	\$277,707	\$251,942
Nonutility	392,496	