VENABLE LLP

750 E. PRATT STREET SUITE 900 BALTIMORE, MD 21202
T 410.244.7400 F 410.244.7742 www.Venable.com

J. Joseph Curran, III

T 410-244-5466
F 410.244.7742
jcurran@venable.com

VIA EFILE AND HAND DELIVERY

January 16, 2018

David Collins, Executive Secretary
Maryland Public Service Commission
William Donald Schaefer Tower
6 St. Paul Street
Baltimore, MD 21202

Re: In the Matter of the Application of South Jersey Industries, Inc., Elkton Acquisition Corp. and Pivotal Utilities Holdings, Inc. d/b/a Elkton Gas for Authority to Sell and Transfer Substantially All of Elkton Gas's Assets Including Natural Gas Franchises to Elkton Acquisition Corp. and for All Related Authorizations and Approvals

Dear Executive Secretary Collins:

On behalf of South Jersey Industries, Inc., SJI Utilities, Inc., Elkton Acquisition Corp., Pivotal Utility Holdings, Inc. d/b/a Elkton Gas ("Elkton Gas") (collectively, the "Applicants"), enclosed please find the Application and supporting testimony requesting authorization from the Commission pursuant to Section 5-201, 5-202, 6-101, and 6-105 of the Public Utilities Article of the Maryland Code, for the proposed acquisition of substantially all the assets of Elkton Gas, a public service company operating in Maryland.

The enclosed materials consist of:

- The Application, with Exhibits A through F
- The Direct Testimonies of Michael Renna, Brian MacLean, David Robbins, Jr., and Ann Anthony.

Please note that as of the date of this filing, in order to facilitate review of the Application and supporting documents, the Applicants are prepared to begin accepting discovery requests immediately.

An original and seventeen (17) copies of the documents are enclosed for filing. Also enclosed is a check in the amount of $250 for the filing fee. Please do not hesitate to contact me if you have any questions.

Respectfully submitted,

J. Joseph Curran, III
Counsel to South Jersey Industries, Inc., SJI Utilities, Inc., and Elkton Acquisition Corp.

Enclosures
cc: Leslie Romine, Esq., Staff Counsel
Paula Carmody, Esq., People's Counsel
Carville B. Collins, Esq.
H. Russell Frisby, Jr., Esq.

PUBLIC SERVICE COMMISSION
OF MARYLAND

IN THE MATTER OF THE APPLICATION OF SOUTH JERSEY INDUSTRIES, INC., ELKTON ACQUISITION CORP. AND PIVOTAL UTILITIES HOLDINGS, INC. d/b/a ELKTON GAS FOR AUTHORITY TO SELL AND TRANSFER SUBSTANTIALLY ALL OF ELKTON GAS'S ASSETS INCLUDING NATURAL GAS FRANCHISES TO ELKTON ACQUISITION CORP; AND FOR ALL RELATED AUTHORIZATIONS AND APPROVALS	:	CASE NO.

APPLICATION, TESTIMONY AND EXHIBITS

VENABLE LLP
By: J. Joseph Curran, III, Esquire
750 East Pratt Street
Suite 900
Baltimore, MD 21202

Stinson Leonard Street LLP
By: H. Russell Frisby, Jr.
1775 Pennsylvania Avenue NW
Suite 800
Washington, DC 20006-4605

Attorneys for Applicants
SOUTH JERSEY INDUSTRIES, INC., SJI UTILITIES, INC., AND ELKTON GAS ACQUISITION CORP.

DLA Piper
By: Carville B. Collins, Esquire
6225 Smith Avenue
Baltimore, MD 21209-3600

Attorneys for Applicant
PIVOTAL UTILITIES HOLDINGS, INC.
d/b/a ELKTON GAS

I. PRELIMINARY STATEMENT

This Application involves the proposed acquisition of a Maryland public service company. Under an Asset Purchase Agreement ("APA") dated October 15, 2017, South Jersey Industries, Inc. ("SJI"), through its subsidiary and assignee Elkton Acquisition Corp. ("Elkton Acquisition Corp.") agreed to purchase from Pivotal Utilities Holding, Inc. ("Pivotal")[1] d/b/a Elkton Gas ("Elkton Gas") substantially all of the assets[2] of Elkton Gas, whereby Elkton Gas, a public service company operating in Maryland, will become part of the family of SJI natural gas distribution utilities operating in the Mid-Atlantic region (the "Acquisition"). Accordingly, SJI, and its subsidiaries, SJI Utilities, Inc. ("SJI Utilities")[3], Elkton Acquisition Corp. along with Pivotal (collectively, the "Applicants"), pursuant to Sections 5-201, 5-202, 6-101, and 6-105 of the Public Utilities Article ("PUA") of the Annotated Code of Maryland and the Code of Maryland Regulations ("COMAR") Section 20.07.04.01 *et seq.*, respectfully request that the Maryland Public Service Commission ("Commission") authorize SJI to acquire the power to exercise substantial influence over the policies and actions of Elkton Gas ("Application")[4].

This Application, the accompanying testimony, and the appended materials satisfy the requirements of the Maryland Public Utilities Article. The Applicants, by and through this Application, demonstrate that the Acquisition is "consistent with the public interest, convenience,

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[1] Pivotal is an indirect, wholly-owned subsidiary of the Southern Company, and includes three natural gas utility operating divisions: Elkton Gas in Maryland, Elizabethtown Gas in New Jersey, and Florida City Gas in Florida.

[2] These assets include, but are not limited to all natural gas franchises.

[3] SJI Utilities is joined as an applicant to the extent the Commission deems it necessary. SJI Utilities will become an affiliate of Elkton Acquisition Corp. post-Merger and be controlled by SJI.

[4] Applicants also seek Commission approval of: (1) the transfer of various franchises from Pivotal to Elkton Acquisition Corp., (2) the exercise of the various transferred, existing franchises by Elkton Acquisition Corp., (3) the ability of SJI, SJI Utilities, and Elkton Acquisition Corp. to exercise substantial influence over the policies and actions of Elkton Gas, and (4) such other relief as shall be necessary and appropriate in this matter.

and necessity," provides certain and direct "benefits . . . to consumers," and will cause "no harm to consumers." § 6-105(g)(3)(i); see, e.g., *In re the Merger of The Southern Company and AGL Resources Inc.,* Case No. 9404, Order No. 87529 at 3 (March 31, 2016). The Applicants request that the Commission approve this Application within the time period established by PUA § 6-105(g)(6).

II. INTRODUCTION

As a result of the Acquisition and related transactions proposed in this Application, Elkton Gas will be a part of a family of natural gas distribution companies operating near one another in the Mid-Atlantic region. Elkton Gas's new parent holding company, SJI, is a regionally based energy services holding company that has over 100 years of experience operating South Jersey Gas, a gas distribution utility in New Jersey. SJI has proven itself to be a high-quality, customer-centric and financially-stable utility owner, and will bring the same dedication to superior service to its ownership and oversight of Elkton Gas. SJI is conservatively managed and financially strong, with strong investment grade credit ratings that have allowed the company to make the necessary investments in its natural gas utility infrastructure to ensure continuous safe, reliable and affordable service to its customers. For example, SJI recently made substantial investments in modernizing and improving the reliability of South Jersey Gas's distribution system, which have resulted in significant leak reductions, and few if any service interruptions during severe weather events. Elkton Gas will be joining a stable, well-run family of companies whose primary focus will be owning and operating regional natural gas distribution utilities.

SJI takes seriously its duties and responsibilities under each jurisdiction's statutory framework with respect to its utilities, customers, and communities. As a result, SJI is offering numerous commitments in connection with this Acquisition that reflect SJI's appreciation of these

obligations. As explained further throughout this Application, and in the accompanying direct testimony, these commitments confirm the Acquisition's significant direct and tangible benefits that will inure to Elkton Gas's customers and the State of Maryland, while also ensuring that no harm results from the Application. Some of the benefits associated with the Acquisition include:

- **Customer Rate Credit:** A one-time approximately $115,000.00 rate credit[5] will be provided to Elkton Gas customers within 90 days of closing (the "Closing").[6] This commitment provides a direct, immediate and tangible benefit that would not exist but for the proposed Acquisition;

- **Employee Protections:** For three years following the Closing, SJI (or an affiliate) will maintain at a minimum, the existing level of Maryland workforce supporting Elkton Gas Company's operations in Maryland. In addition, SJI will maintain the same core management that exists today. These commitments safeguard Elkton Gas's highly skilled workforce and help to ensure a smooth and seamless transition for customers;

- **Five Years of Guaranteed Customer Credits:** The current asset management agreement between Elkton Gas and Sequent Energy Management L.P. ("Sequent" or "SEM") will be renewed and assigned to South Jersey Resources Group, LLC ("SJRG"), a wholly owned subsidiary of SJI and extended for an additional five-year period with a guaranteed minimum of $10,800.00 in annual credits to customers over that period;

- **New Opportunities for Mutual Assistance During Critical Times:** The opportunity for Elkton Gas and SJI's New Jersey utilities, South Jersey Gas and Elizabethtown Gas[7] to share local employees during times of emergency and otherwise take advantage of each other's resources during critical times, thus creating opportunities for enhanced safety and reliability; and

- **Guaranteed Community Support:** The commitment to maintain Elkton Gas's current level of community support contributions for a period of ten years post-

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[5] This amounts to approximately a $17.00 credit per Elkton Gas customer.

[6] The Closing will take place following the satisfaction of certain conditions, including the approvals sought in this Application.

[7] SJI is also acquiring substantially all of the assets of Elizabethtown Gas from Pivotal. Elizabethtown Gas is engaged in the distribution and sale of natural gas to approximately 288,000 residential, business, and industrial customers in seven counties in two areas of New Jersey. That acquisition is subject to review and approval by the New Jersey Board of Public Utilities ("NJBPU").

Closing. Elkton Gas will not seek to recover in rates the costs related to these community activities and support.

These benefits, the others described more fully in this Application, and the commitments that are set forth in Exhibit A support a finding that the Acquisition and related transactions are in the public interest and should be approved.

III. THE RELEVANT ENTITIES

A. South Jersey Industries

SJI is a regionally based natural gas distribution and energy services holding company based in Folsom, New Jersey that has demonstrated through its regulated utility operations awareness of its unique responsibility to its customers, its employees, and the community. As reflected in the Direct Testimony of Michael J. Renna, President and Chief Executive Officer of SJI, the company's culture is driven by safety, customer service, and building stronger communities through social investments. SJI has made substantial investments in improving the safety of its employees and customers, including investments in modernizing and improving the reliability of its natural gas utility distribution system. This work has resulted in significant leak reductions, and there have been few if any service interruptions during severe weather events. With these investments, SJI upholds its obligation to its customers while simultaneously improving the overall safety of the communities it serves. Moreover, SJI believes in giving back to the communities it serves by providing financial support to local nonprofit, business and civic organizations. Over the last three years, SJI provided over $500,000 annually in charitable, civic and educational contributions.

SJI currently delivers energy solutions to its customers through three primary subsidiaries. The first, South Jersey Gas, is a regulated public utility that promotes energy efficiency and delivers safe, reliable, and affordable natural gas to approximately 381,000 customers in all or

portions of the seven southernmost counties of New Jersey. South Jersey Gas or its predecessors have been operating in New Jersey since 1910 and South Jersey Gas is the core of SJI's business employing 526 of SJI's total 753 employees and accounting for approximately 80% of SJI's total capital expenditures in 2017.

SJI's non-utility businesses operate within its second operating subsidiary, South Jersey Energy Solutions, LLC ("SJ Energy Solutions"). SJ Energy Solutions promotes energy efficiency, clean technology and renewable energy by providing customized wholesale commodity marketing and fuel management services, acquiring and marketing natural gas and electricity for retail customers, and developing, owning and operating on-site energy production facilities. SJI Midstream, SJI's third subsidiary, invests in interstate pipeline projects.

SJRG, a direct subsidiary of SJ Energy Solutions, is one of the longest-operating wholesale marketing companies in the Mid-Atlantic Region, and is a recognized leader in the energy industry. Since SJRG commenced operations, it has consistently provided to its customers the innovative natural gas solutions they require. SJRG provides services to its customers throughout the country including natural gas commodity services, natural gas storage, wholesale marketing, and natural gas transportation. Moreover, SJRG customers include Fortune 500 companies, energy marketers, natural gas utilities, electric utilities, and natural gas producers. SJRG holds natural gas assets under its name and has extensive experience in managing natural gas assets.

SJI Utilities is a New Jersey corporation that was formed as part of the Acquisition and that, upon Closing, will own the three natural gas public utilities of SJI.[8] These utilities include South Jersey Gas, ETG Acquisition Corp.,[9] and Elkton Acquisition Corp.

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[8] The anticipated organizational structure and corresponding exhibit is addressed below.

[9] ETG Acquisition Corp. was established for the purpose of acquiring substantially all of the assets of Elizabethtown Gas.

B. Elkton Gas

Elkton Gas is engaged in the distribution and sale of natural gas to approximately 6,700 residential and business customers in the greater Elkton area in Northeast Maryland. Elkton Gas began its existence in 1863 as Elkton Gas Light Company. In 1945, Elkton Gas merged with Pennsylvania & Southern Gas Company. In 1994, Elkton Gas was acquired by NUI Corp. In 2004, Elkton Gas became a subsidiary of AGL Resources Inc. ("AGL Resources"), an Atlanta-based energy holding company. In 2016, through a merger transaction, AGL Resources became Southern Company Gas ("SCG"), a wholly owned subsidiary of Southern Company. In May 2016, that transaction was approved by this Commission by Order No. 87529 in Case No. 9404.

Elkton Gas delivers safe and reliable service through approximately 102 miles of service main. Approximately 28% of Elkton Gas's volume is sold to residential customers, and 72% is sold to commercial and industrial customers. The headquarters, offices and operations of Elkton Gas are located in the Town of Elkton. Elkton Gas's day-to-day operations are independently run with oversight from SCG. For example, Elkton Gas makes local operational decisions, including preparing its own capital and operations and maintenance expense budgets. SCG's role in managing Elkton Gas is to offer assistance, whether accounting, operational, or otherwise, to ensure that Elkton Gas continues to provide safe, adequate, and proper service at just and reasonable rates. SCG provides administrative, management and other services to Elkton Gas through AGL Services Company ("AGSC"). AGSC provides Elkton Gas with a number of services including accounting, finance, tax, legal, information technology, engineering, purchasing, pipeline capacity and gas supply management, and human resources-related services.

Upstream pipeline capacity management services as well as gas supply are provided to Elkton Gas by another subsidiary of SCG, Sequent, pursuant to an Asset Management Agreement

("SEM AMA").[10] Under the SEM AMA, Sequent provides Elkton Gas with firm gas supply at published market prices up to the amount of the pipeline capacity that Sequent manages under the SEM AMA. Sequent also seeks to maximize the value of Elkton Gas's portfolio of upstream pipeline transportation and storage contracts through gas purchase optimization and capacity management transactions. Sequent pays Elkton Gas a fixed annual fee for the opportunity to manage the Company's portfolio of assets that is shared with the Company's customers through credits applied to the Company's purchased gas adjustment (PGA) rate. The SEM AMA is scheduled to last until at least March 31, 2019.[11]

Elkton Gas's business model is based on the core values of the provision of safe and reliable service at just and reasonable rates, and a strong commitment to excellent customer service. As outlined in the Direct Testimony of Brian MacLean, President of Elkton Gas, Elkton Gas's commitment to these values has produced many positive operational results. As indicated by Mr. Renna in his Direct Testimony, SJI shares Elkton Gas's core values and will continue its commitment.

Elkton Gas also plays an active role as a responsible corporate citizen in Elkton, Maryland and Elkton Gas's employees are involved with many different community organizations.

IV. OVERVIEW OF THE ACQUISITION AND RELATED TRANSACTIONS

On October 15, 2017, SJI and Pivotal entered into an APA by which SJI, through its assignee Elkton Acquisition Corp., agreed to purchase substantially all of the assets of Elkton Gas.

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[10] Services associated with strategic gas supply planning and the acquisition of upstream pipeline capacity are performed by AGSC. In contrast, Sequent sells gas supply to Elkton Gas and manages the use of Elkton Gas's upstream pipeline capacity.

[11] The term of the SEM AMA is subject to an evergreen provision pursuant to which the agreement rolls over for a one-year term, commencing April 1, unless notice to terminate is provided by either party.

In accordance with the APA, the assets to be acquired include Elkton Gas's property, franchises, privileges, and rights, including all local government consents, permits, licenses, easements and other authorizations and agreements. A true and correct copy of the APA is attached to this Application as Exhibit B. The APA describes the terms and conditions of the Acquisition, including the purchase price and a description of the property being transferred.

In a separate transaction, ETG Acquisition Corp. will acquire from Pivotal substantially all of the assets of Elizabethtown Gas in New Jersey.[12] SJI Utilities will then own ETG Acquisition Corp., Elkton Acquisition Corp. and South Jersey Gas. This reorganization will allow for the corporate existence of a single entity in direct control of SJI's three operating utilities, resulting in a streamlined organization of the entities. It is anticipated that following the Closing, the name of ETG Acquisition Corp. will be changed to "Elizabethtown Gas Company," and the name of Elkton Acquisition Corp. will be changed to "Elkton Gas Company."[13] Statements in the Application regarding Elkton Gas will clarify between the pre- and post-Closing entities as needed. Attached to this Application as Exhibit C is a chart showing the anticipated corporate structure of SJI, post-Closing.

The APA provides that post-Closing, where requested by SJI, Pivotal or an affiliate (similar to AGSC) will provide Elkton Gas with certain transition services to ensure a seamless transition for Elkton Gas's employees and continued safe and reliable service for Elkton Gas's customers. The transition services arrangement will be set forth in a transition services agreement. In the

[12] The NJBPU, an agency whose authorization will be concurrently sought herewith, has jurisdiction over the sale of Elizabethtown Gas assets to ETG Acquisition Corp.

[13] For ease, because the post-Closing entity will operate under a name that is similar to the name under which Pivotal does business as today, the post-Closing entity named "Elkton Gas Company" will be also referred to below as "Elkton Gas."

longer term, SJI and its affiliates will provide administrative and support services under affiliate service agreements that are more fully described below.

SJI will provide certain services to Elkton Gas pursuant to a Master Services Agreement ("MSA"). The services to be provided under the MSA could include: administrative, corporate communications, government and community relations, human resources, insurance, information technology, legal, accounting, and auditing. SJI currently provides these services to South Jersey Gas pursuant to an MSA.

Likewise, it is anticipated that SJI Utilities and Elkton Gas will enter into a Shared Services Agreement ("SSA") pursuant to which SJI Utilities will provide services to Elkton Gas that involve utility operations services, as opposed to the services under the MSA that are more administrative in nature. The full scope of services that will be performed pursuant to the SSA are in the process of being finalized, but are expected to include services such as strategic oversight of customer service, rates and regulatory and gas supply.

Post-Closing, it is intended that upstream pipeline capacity management services as well as gas supply will be provided to Elkton Gas by SJRG. Specifically, the SEM AMA is scheduled to last until at least March 31, 2019. After the Acquisition, on the first day of the month following Closing, SEM will assign its interest in the SEM AMA to SJRG. Then, following the March 31, 2019 conclusion of the SEM AMA, SJRG and Elkton Gas will enter into a new asset management agreement (the "Replacement Agreement") for a five-year term commencing April 1, 2019 through March 31, 2024. The Replacement Agreement will contain terms and conditions that are essentially the same as the SEM AMA being assigned to SJRG. The customer and operational benefits to be derived from the Replacement Agreement are discussed by Messrs. Renna, Robbins, and MacLean.

Pursuant to the APA, Closing may not take place unless and until the Commission issues an Order authorizing the transactions specified in the APA as well as the receipt of the approvals set forth in Section V.D.

V. INFORMATION REQUIRED PURSUANT TO PUA § 6-105(f)

A. Applicants' Identity and Financial Ability-PUA § 6-105(f)(1)

Descriptions of the relevant entities are provided in Section III of this Application. In addition, the Applicants have provided excerpts from their third quarter 2017 Form 10-Q filed with the U.S. Securities and Exchange Commission, attached hereto as Exhibit D, that demonstrate their respective financial abilities.

B. Backgrounds of Key Personnel – PUA § 6-105(f)(2)

In additional to the information provided in the Direct Testimony of the Applicants' witnesses, background on key personnel of SJI and Elkton Gas are provided on Exhibit E attached hereto.

C. Source and Amounts of Funds or Other Consideration to be Used in the Acquisition – PUA § 6-105(f)(3).

As explained in the Direct Testimony of Ann Anthony, the Treasurer of SJI, SJI has the necessary financial ability to complete this Acquisition. SJI maintains a strong balance sheet and investment grade credit ratings that will enable SJI to issue a combination of debt and equity in order to finance the acquisition of Elkton Gas. SJI continues to review with its advisors the best allocation between debt and equity to finance the Acquisition. However, SJI intends to commence financing in January 2018. The Acquisition financing will be consistent with maintaining SJI's strong investment grade credit profile. Importantly, Elkton Gas will not issue equity or debt in connection with the financing of the Acquisition.

D. Compliance with Federal Law in Carrying Out the Acquisition – PUA § 6-105(f)(4).

The Applicants will comply with all applicable Federal Law in completing the Acquisition. There are various Federal compliance filings that will be made in order to complete the Acquisition. These include:

- Filings and notifications required by the Hart-Scott-Rodino Act, which provides that certain acquisition transactions may not be completed until required information has been furnished to the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission and until certain waiting periods have expired or been terminated;

- Elkton Gas owns certain facilities located in Delaware that connect Elkton Gas's facilities with those of Eastern Shore Natural Gas Company. These facilities are subject to a service area determination by the Federal Energy Regulatory Commission ("FERC"). A Joint Application to FERC will be necessary to effectuate the transfer of the service area determination to Elkton Acquisition;

- A temporary waiver from FERC will be sought of its capacity release regulations, related tariff provisions, and any other authorizations or waivers necessary to facilitate the transfer of pipeline transportation capacity; and

- In addition to the above approvals pursuant to Federal law, the Applicants must also obtain an Order of the NJBPU either disclaiming jurisdiction by the NJBPU over the sale of the assets of Elkton Gas to Elkton Acquisition Corp. or, in the alternative, approval of the sale.

E. Whether the Applicants or Key Personnel Associated With the Applicants Have Violated Any Federal or State Statute Regulating the Activities of Public Service Companies - PUA § 6-105(f)(5).

Neither the Applicants, nor key personnel associated with the Applicants, have violated any State or Federal Statute regulating the activities of public service companies.

F. Documents Relating to the Proposed Acquisition Giving Rise to the Application - PUA § 6-105(f)(6).

The APA is provided in Exhibit B.

G. Applicants' Experience in Operating Public Service Companies - PUA § 6-105(f)(7).

Background regarding the Applicants' experience in operating public service companies is provided in Section III, above, and in the Direct Testimonies of Messrs. Renna, Robbins and MacLean.

H. The Applicants' Plan for Operating Elkton Gas PUA § 6-105(f)(8).

The Applicants are committed to maintaining Elkton Gas as a provider of safe, reliable and affordable gas distribution services to its Maryland customers. Elkton Gas will continue to: (1) operate and do business in Maryland under the Elkton Gas name; (2) be headquartered in Elkton, Maryland; (3) maintain strong local connections and relationships within Maryland; and (4) operate under the Commission and subject to its jurisdiction and applicable Maryland laws and regulations. There will be no change to Elkton Gas's franchise service obligations, terms or conditions of service, or responsibilities to its customers or to the Commission. Furthermore, as part of SJI's corporate family, which will include South Jersey Gas and Elizabethtown Gas, the post-Merger Elkton Gas Company will have new opportunities to evaluate and implement potential best practices within the natural gas regulated framework.

After the Acquisition, SJI will continue to have adequate access to capital, providing Elkton Gas with the ability to invest the necessary capital in infrastructure projects to provide safe, reliable and affordable service to its customers. Moreover, the retention of the management of Elkton Gas will provide continuity of service for customers. SJI's demonstrated commitment to industry-best practices and operational excellence will help ensure that a high quality of service is provided to Elkton Gas's customers.

For further discussion on the operating plans for Elkton Gas, see the Direct Testimony of Messrs. Renna, Robbins and MacLean.

I. How the Acquisition Will Serve the Customers of Elkton Gas in the Public Interest, Convenience and Necessity - PUA § 6-105(f)(9).

As more fully explained in Section VII and as set forth in the testimony in support of this Application, the Acquisition will provide benefits and protections to Elkton Gas, its customers and employees and that ensure that the acquisition will be in the public interest. Elkton Gas's customers will most immediately and directly benefit from approximately $115,000.00 in a one-time bill credit within 90 days post-Closing. Customers will benefit over a longer period through the receipt of a guaranteed minimum $10,800.00 annual credit associated with the assignment and five year extension of the current asset management agreement. Those direct customer benefits are complemented by other commitments that further the public interest through commitments to Elkton Gas's local workforce, supplier diversity goals, and charitable contributions. Most importantly, SJI possess the financial strength and operational expertise needed for Elkton Gas to continue to provide safe and reliable service to its customers.

A list of commitments offered by the Applicants is provided as Exhibit A.

VI. FACTORS THE COMMISSION SHALL CONSIDER IN REVIEWING AN ACQUISITION PURSUANT TO PUA § 6-105(g)(2).

A. The Potential Impact on the Rates and Charges Paid By Customers and on the Services and Conditions of Operations of Elkton Gas - PUA § 6-105(g)(2)(i).

(i) There Will Be No Adverse Impact on Elkton Gas customers rates and charges.

There will be no adverse impact from the Acquisition on the rates, charges or services provided to Elkton Gas's customers. In fact, all Elkton Gas customers will receive an immediate, direct and tangible benefit in the form of an approximately $115,000.00 rate credit within 90 days of Closing. Furthermore, while this filing is not synergies driven, to the extent that any synergies arise, they will be flowed through to customers in future Elkton Gas rate cases.

For ratemaking purposes, Elkton Gas's capital structure will remain substantially as it is today. As described in the Direct Testimony of Ms. Anthony, it is SJI's intent to maintain Elkton Gas's existing capital structure. Thus, there will be no adverse impact upon rates from the debt/equity ratios. In fact, as part of its commitments to this Commission, SJI commits that Elkton Gas will maintain a rolling 12-month average annual equity ratio of at least 48 percent. In addition, SJI commits to not seek recovery in rates of any premium paid for the assets acquired in the Acquisition or goodwill arising from the Acquisition in the form of an acquisition adjustment or otherwise. SJI also commits that it will not seek the recovery of any acquisition transaction costs in connection with the Acquisition.

The proposed treatment of the current SEM AMA further demonstrates that the Acquisition will not only have no adverse impact on rates, but will, in fact, result in positive benefits to Elkton's customers. Pursuant to the SEM AMA, credits are returned annually to customers in the form of rate reductions. As stated above, post-Closing, it is intended that SEM will assign its interest in the SEM AMA to SJRG, such that SJRG will replace SEM as the provider of these services until March 31, 2019 and thereafter for an extended five year period on substantially the same terms as are contained in the SEM AMA. It is thus anticipated that the proposed Acquisition will continue to provide the same credits to future Elkton Gas customers. This will be a positive impact on rates resulting from the Acquisition.

In short, there will be no rate increases directly resulting from this Acquisition and there will be substantial financial benefits to Elkton Gas customers in the form of a direct rate credit and the continuation of the SJRG AMA. The requirements of PUA § 6-105(g)(2)(i) applicable to rates are therefore met.

(ii) There Will Be No Adverse Impact on the Services and Conditions of Operations of Elkton Gas.

There will be no adverse impact from the Acquisition on the services provided to Elkton Gas's customers or the conditions of operations of Elkton Gas. As it is today, Elkton Gas will be operated locally, will maintain current employment levels within the Maryland workforce supporting Elkton Gas's operations, and will retain the core management team of Elkton Gas post-Closing. For at least three years after the date of Closing, Elkton Gas will maintain its headquarters and service center in the Town of Elkton. In addition, as set forth in Section III, SJI intends to enter into a MSA with Elkton Gas wherein SJI will provide certain administrative and corporate services to Elkton Gas. Likewise, as described in Section III, it is anticipated that SJI Utilities and Elkton Gas will enter into a SSA pursuant to which SJI Utilities will provide services to Elkton Gas that involve utility operations services and are expected to include services such as strategic oversight of customer service, rates and regulatory and gas supply. Elkton Gas will also benefit from access to the resources of its sister utilities, South Jersey Gas and Elizabethtown Gas in emergencies and other critical times.

As such, there will be no adverse impact on the services or conditions of operations of Elkton Gas.

B. The Potential Impact of the Acquisition on Continuing Investment Needs for the Maintenance of Utility Services, Plant, and Related Infrastructure - PUA § 6-105(g)(2)(ii).

The Acquisition will have no adverse impact on Elkton Gas's ability to meet its investments needs in its services, plant and related infrastructure. In fact, SJI commits that it will provide Elkton Gas with the resources necessary to invest in capital and infrastructure projects to help ensure that Elkton Gas may continue to provide safe, reliable and adequate utility service. It is SJI's intention after the Acquisition to maintain its strong investment grade ratings, and to enable

Elkton Gas to meet all of its capital needs. Applicants' witness Ann Anthony presents testimony concerning SJI's financial capabilities, and Elkton Gas's post-Closing financial status.

Moreover, to ensure the continued safe and reliable operation of Elkton Gas's distribution system, SJI commits to honor Elkton Gas's recently filed remediation plan related to any deficiencies found in the Aldyl-A and/or other piping materials within its natural gas pipeline distribution system. As part of its commitments to this Commission in the Case 9404, Elkton Gas engaged Jacobs Consultancy to perform an accelerated assessment of all Aldyl-A pipe in its distribution system at no cost to Elkton Gas's customers. *See* Order No. 87529. On October 13, 2017, Elkton Gas filed with the Commission Jacobs Consultancy's Aldyl-A assessment and report regarding the Aldyl-A piping in Elkton Gas's system. Thereafter, on December 12, 2017, in accordance with the requirements of Order No. 87529, Elkton Gas filed a "Pipeline Remediation Plan" in response to the Jacobs Consultancy assessment and report. As part of the commitments in this Application, the Applicants commit to honor and implement that Pipeline Remediation Plan.

C. The Proposed Capital Structure that Will Result from the Acquisition Including Allocation of Earnings from Elkton Gas - PUA § 6-105(g)(2)(iii).

There will be no impact on Elkton Gas's capital structure ratios as a result of the Acquisition. As demonstrated in the Direct Testimony of Ms. Anthony, it is intended that Elkton Gas will maintain the same capital structure ratios that it maintains today. As part of its commitments to this Commission, Elkton Gas will maintain a rolling 12-month average annual equity ratio of at least 48 percent. As such, SJI intends to maintain a capital structure within Elkton Gas which will enable it to meet the needs of Elkton Gas in substantially the same manner in which the business is currently financed.

D. The Potential Effects on Employment - PUA § 6-105(g)(2)(iv).

The Applicants are making a number of commitments to ensure that current Elkton Gas employees are protected, and to demonstrate its plan to maintain its local presence and offer meaningful employment opportunities in Elkton Gas's service territory. SJI commits that for a period of at least three years following the Closing, SJI (or an affiliate) will maintain at a minimum, the existing level of Maryland workforce supporting Elkton Gas Company's operations in Maryland. Prior to the Closing, SJI will make offers of employment to all then-current Elkton Gas employees on terms and at compensation and benefit levels comparable to their then existing terms and compensation and benefit levels.

E. The Projected Allocation of Any Savings to Elkton Gas that are expected Between Stockholders and Ratepayers - PUA § 6-105(g)(2)(v).

No immediate savings to Elkton Gas as a result of the Acquisition have been identified. However, to the extent that any net savings and efficiencies are realized through the Acquisition and subsequent integration process, such net savings and efficiencies will be flowed through to Elkton Gas customers in the normal ratemaking process.

F. Issues of Reliability, Quality of Service, and Quality of Customer Service - PUA § 6-105(g)(2)(vi).

SJI is committed to providing safe, reliable service and excellent customer service through its regulated utilities. Elkton Gas currently provides its customers with excellent and reliable service, and it is SJI's intention to devote the resources necessary to ensure that Elkton Gas continues this fine record of performance. Indeed, the Acquisition will in no way impair Elkton Gas's reliability, quality of service or quality of customer service. Applicants' witness David Robbins describes SJI's experience in these areas in his Direct Testimony. Further, the post-Closing structure of Elkton Gas will maintain the existing core management organization of Elkton Gas, and thus ensure that there will be no material changes to the way in which Elkton Gas provides

service to its customers. Elkton Gas will continue to be subject to and will comply with all state and federal pipeline safety requirements.

G. The Potential Impact of the Acquisition on Community Investment – PUA § 6-105(g)(2)(vii).

SJI, South Jersey Gas, and Elkton Gas have strong traditions of community service and commitment to the communities they serve, supporting a variety of civic, community and philanthropic efforts, which will continue post-Closing. Applicants' witness David Robbins presents testimony describing SJI's commitment to continue Elkton Gas's level of support for community programs and charitable giving by sustaining Elkton Gas's current level of community investment in its service area for a period of at least ten years following the Closing. Furthermore, the Applicants also commit to increase Elkton Gas's current Diverse Spend Ratio ("DSR"), as that term is defined in the May 29, 2009 Elkton Gas Supplier Diversity Memorandum of Understanding, from 19.97 percent for the year 2017 to 25 percent over time.

H. Affiliate and Cross-Subsidization Issues - PUA § 6-105(g)(2)(viii).

Elkton Gas will continue to be subject to applicable Maryland requirements related to affiliate and cross-subsidization issues. SJI has a long and successful history of complying with similar requirements in the State of New Jersey. Accordingly, Elkton Gas will continue to comply with all Commission requirements regarding cost allocation practices in connection with transactions with SJI and its affiliates.

I. The Use or Pledge of Utility Assets for the Benefit of an Affiliate - PUA § 6-105(g)(2)(ix).

SJI will not pledge any asset of Elkton Gas as support for any securities which SJI or any of its affiliates other than Elkton Gas may issue except for Elkton Gas's financing secured using Elkton Gas's own assets in the normal course of business. Elkton Gas will continue to comply

with the Commission's regulations regarding payments and guarantees to its affiliates. This issue is more fully discussed in the Direct Testimony of Ms. Anthony.

J. Jurisdictional and Choice of Law Issues – PUA § 6-105(g)(2)(x).

Elkton Gas will remain subject to the jurisdiction and regulatory authority of this Commission and the Maryland Courts. Furthermore, Elkton Gas will continue to comply with all applicable Federal and State laws and this Commission's regulations.

K. Whether it is Necessary to Revise the Commission's Ring-fencing and Code of Conduct Regulations in Light of the Acquisition – PUA § 6-105(g)(2)(xi).

The measures and practices now used to ensure the stability and financial wellbeing of Elkton Gas will remain in place following the Acquisition. Under SJI, Elkton Gas will continue to comply with the Commission's Code of Conduct Regulations and will continue to file an annual ring fencing report pursuant to COMAR 20.40.02.07. As such, no revisions to the Commission's ring-fencing requirements or Code of Conduct Regulations are necessary.

VII. THE ACQUISITION IS IN THE PUBLIC INTEREST

The Applicants are putting forth a series of commitments that ensure the Acquisition is in the public interest, providing benefits and no harm to Elkton Gas customers.

1. Benefits

As a result of the Acquisition, material benefits will arise for Elkton Gas's customers that would not be available absent the proposed Acquisition in the following areas:

One-Time Rate Credit. A one-time approximately $115,000.00 rate credit[14] will be provided to Elkton Gas customers within 90 days of Closing. This commitment provides a direct, immediate and tangible benefit that would not exist but for the proposed Acquisition;

[14] This amounts to approximately a $17.00 credit per Elkton Gas customer.

Rates. SJRG will assume the current SEM AMA governing upstream pipeline capacity management and gas supply services between Elkton Gas and Sequent until March 31, 2019. Following the March 31, 2019 conclusion of the assumed AMA, SJRG and Elkton Gas will enter into the SJRG AMA for a five-year period with a guaranteed minimum of $10,800.00 in annual credits to customers over that period;

Opportunities for Enhanced Safety and Reliability. Elkton Gas, Elizabethtown Gas and South Jersey Gas share a strong commitment to enhancing safety and reliability. These utilities and their customers will benefit from a sharing of knowledge and an exchange of ideas, methods and procedures in all areas of the business. During emergencies and other critical times, Elkton Gas and South Jersey Gas will be able to take advantage of each other's resources, thereby creating opportunities for enhanced safety and reliability for Elkton Gas customers.

2. No Harm to Customers

The realization of the benefits described above will have no adverse effect on Elkton Gas customers. In addition, the following measures ensure no harm is imposed upon Elkton Gas customers as a result of the Acquisition, in the following areas:

Safety and Reliability. The Applicants will honor and implement the Pipeline Remediation Plan for replacement of certain Aldyl-A pipeline in Elkton Gas's distribution system filed with the Commission on December 12, 2017.

Rates. No change in Elkton Gas's rates will be sought as a result of the Acquisition.

Rates. Elkton Gas will not seek recovery in its rates of: (i) any premium paid for the assets acquired in the Acquisition, either in the form of an acquisition adjustment or otherwise, (ii) any cost associated with goodwill arising from the Acquisition, or (iii) any transaction cost incurred in

connection with the Acquisition. For purposes of this commitment, transaction costs are defined as: consultant, investment banker, legal and regulatory support fees (internal and external), printing and similar expenses, change in control payments, and any severance or retention costs.

Rates. To date, the Applicants have not identified any synergies or efficiencies that will arise from the proposed Acquisition. However, to the extent savings are realized by Elkton Gas as a result of the Acquisition, those savings, net of the costs to achieve, will be passed on to Elkton Gas customers through the normal ratemaking process.

Rates. Elkton Gas will file a base rate case on or before June 30, 2018.

Rates. Elkton Gas will maintain a rolling 12-month average annual equity ratio of at least 48 percent.

Employees. For at least three years after the date of Closing, the Applicants will maintain current employment levels within the Maryland workforce supporting Elkton Gas's operations.

Employees. SJI will assume existing obligations to Elkton Gas's employees and retirees with respect to pension benefits.

Employees. SJI will retain the core management team of Elkton Gas post-Closing.

Corporate Governance. For at least three years after the date of Closing, Elkton Gas will maintain its headquarters and service center in the Town of Elkton.

3. Public Interest, Convenience, and Necessity

As a result of the benefits to customers listed above, together with the measures listed above that ensure no harm to customers, the Acquisition serves the public interest, convenience and necessity. The full list of Acquisition commitments made by the Applicants is provided in Exhibit A of this Application.

The Applicants make two additional commitments, in support of the public interest, convenience, and necessity:

Supplier Diversity. The Applicants commit to increase Elkton Gas's current Diverse Spend Ratio ("DSR"), as that term is defined in the May 29, 2009 Elkton Gas Supplier Diversity Memorandum of Understanding, from 19.97 percent for the year 2017 to 25 percent over time.

Community Investment. The Applicants will maintain Elkton Gas's current level of community investment in Maryland for ten years from the date of Closing. Community investment activities will continue to target charitable, workforce development, and economic development efforts in the Elkton Gas service area benefitting Elkton Gas customers.

VIII. THE SALE OF ASSETS SHOULD BE APPROVED

The Application seeks approval for the sale of substantially all of the assets of Elkton Gas. Because of all of the benefits which will arise from the Acquisition, previously described in this Application, this relief should be granted.

IX. ELKTON GAS SHOULD BE GRANTED AUTHORITY TO TRANSFER ITS FRANCHISES AND ELKTON ACQUISITION CORP. SHOULD BE GRANTED AUTHORITY TO EXERCISE THEM PURSUANT TO PUA §§ 5-201 AND 5-202

Because this Acquisition is in the public interest and meets all of the statutory and regulatory criteria, Pivotal should be authorized to transfer its franchises pursuant to PUA § 5-202, and Elkton Acquisition Corp. should be granted authority to exercise them pursuant to PUA § 5-201. As part of this approval process, the Commission should relieve Pivotal, and Southern Company of any further regulatory responsibility to the Commission, and permit Pivotal to discontinue the exercise of the franchises under PUA § 5-202(3). The transfer of franchises, together with a full description of each franchise, is discussed by Applicants' witness Brian MacLean in his direct testimony.

All of the information and documentation required pursuant to PUA § 5-201(b), COMAR 20.07.04.03 and 20.07.04.04 is included in this Application and its Exhibits. In addition to the information contained in this Application, attached as Exhibit F are: 1) the Articles of Incorporation for Elkton Gas; 2) the Articles of Incorporation for Elkton Acquisition Corp.; 3) copies of the four existing franchises granted to Elkton Gas along with prior Commission approval of the exercise of each franchise for Elkton Gas's current service area; and 4) affidavits of the two directors of Elkton Acquisition Corp.[15]

X. SUPPORTING TESTIMONY

In support of this Application, the Applicants are submitting the Direct Testimony and supporting Exhibits of the following witnesses, which are incorporated herein by reference:

A. Michael J. Renna, President and CEO, SJI, presents an overview of SJI and its subsidiaries as well as the proposed Acquisition. Mr. Renna further details how the Acquisition will positively impact Elkton Gas customers and the State as well as the commitments SJI is making in connection with the Acquisition.

B. Brian MacLean, President, Elkton Gas, discusses benefits and impacts of the proposed Acquisition, as well as background information concerning the Acquisition and Elkton Gas's operations, and provides information concerning the transfer from Pivotal to SJI of the assets of Elkton Gas.

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[15] COMAR 20.07.04.03(A)(9) states that "[u]nless waived by the Commission, there shall be annexed to the petition an affidavit made by at least three directors of the applicant, that it is the intention of the applicant in good faith to begin the construction or to exercise the right or franchise applied for, within a time to be specified in the affidavit." Elkton Acquisition Corp. was formed with only two directors (see Exhibit F, Section 5.1 of Articles of Incorporation of Elkton Acquisition Corp.), both of whom have executed an affidavit, which are attached hereto. The Applicants hereby seek waiver of COMAR 20.07.04.03(A)(9) only to the extent that a third affidavit is required.

C. David Robbins, Jr., Senior Vice President of SJI and President of South Jersey Gas discusses how Elkton Gas will operate once integrated into the SJI family and how the SJI management philosophy will be applied. Mr. Robbins further discusses the proposed AMA, SJRG's capabilities, and how Elkton Gas will readily transition into the SJI Utilities framework. He also discusses why the proposed Acquisition will not have an adverse impact on rates, utility service, or employees.

D. Ann T. Anthony, Vice President and Treasurer, SJI, provides an overview of the financial transactions associated with the Acquisition as well as the capitalization of Elkton Gas post-Closing.

XI. COMMUNICATIONS AND NOTICES

1. All communications and notices with respect to this proceeding should be served upon the following:

J. Joseph Curran, III, Esquire
Venable LLP
750 East Pratt Street
Suite 900
Baltimore, MD 21202
jcurran@venable.com

H. Russell Frisby, Jr.
Stinson Leonard Street LLP
1775 Pennsylvania Avenue NW
Suite 800
Washington, DC 20006-4605

Steven R. Cocchi, Vice President
Strategy & Growth
South Jersey Industries
One South Jersey Plaza, Route 54
Folsom, NJ 08037
scocchi@sjindustries.com

Erica L. McGill
Senior Regulatory Counsel

Carville B. Collins, Esquire
DLA Piper
6225 Smith Avenue
Baltimore, MD 21209
carville.collins@dlapiper.com

Stacy A. Mitchell
Senior Director, Regulatory Affairs
South Jersey Gas Company
One South Jersey Plaza, Route 54
Folsom, NJ 08037
smitchell@sjindustries.com

Mary Patricia Keefe, Esq.
Vice President – External Affairs and
Business Support
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
pkeefe@southernco.com

Southern Company Gas
Ten Peachtree Place
Atlanta, GA 30309
ermcgill@southernco.com

XII. CONCLUSION AND REQUESTED APPROVAL

WHEREFORE, the Applicants request that this Commission:

a. Enter an Order scheduling a pre-hearing conference and adopting a procedural schedule that will permit an appropriate review of the Application consistent with PUA § 6-105(g)(6);

b. Enter an Order finding that each of the factors enumerated in the applicable sections of PUA § 6-105 has been satisfied, approving the proposed acquisition by SJI, SJI Utilities, and Elkton Acquisition Corp. of the power to exercise substantial influence over the policies of Elkton Gas under the applicable provisions of PUA § 6-105 and under any other applicable statutes and regulations;

c. Enter an Order granting Elkton Gas the authority to transfer its existing franchises to Elkton Acquisition Corp. and to discontinue its exercise of those franchises pursuant to PUA § 5-202;

d. Enter an Order granting Elkton Acquisition Corp. the authority to exercise Elkton Gas's existing franchises pursuant to PUA § 5-201; and

e. Grant such other relief as shall be necessary and appropriate in this matter.

[*signature page follows*]

Dated: January 16, 2018

VENABLE, LLP
Attorneys for Applicants
SOUTH JERSEY INDUSTRIES, INC. AND
ELKTON GAS ACQUISITION CORP.

By: _____
J. Joseph Curran, III, Esquire
750 East Prat Street
Suite 900
Baltimore, MD 21202

DLA PIPER
Attorneys for Applicant
PIVOTAL UTILITIES HOLDINGS, INC.
d/b/a ELKTON GAS

By: _____
Carville B. Collins, Esquire
6225 Smith Avenue

Baltimore, MD 21209

By: _____
H. Russell Frisby, Jr.
Stinson Leonard Street LLP
1775 Pennsylvania Avenue NW
Suite 800
Washington, DC 20006-4605

Exhibit A

SOUTH JERSEY INDUSTRIES
ACQUISITION COMMITMENTS

- A one-time approximately $115,000.00 rate credit to be provided to all Elkton Gas customers in connection with the post-Closing assignment of the Elkton Gas and Sequent Energy Management L.P. asset management agreement (the "SEM AMA") within 90 days of Closing. This amounts to approximately a $17.00 credit per Elkton Gas customer;

- To the extent any savings are realized by Elkton Gas as a result of the Acquisition, those savings net of the costs to achieve, will be passed on to Elkton Gas's customers through the normal base rate case process;

- For three years following the Closing, SJI (or an affiliate) will maintain at a minimum, the existing level of Maryland workforce supporting Elkton Gas Company's operations in Maryland;

- Prior to the Closing, SJI will make offers of employment to all then current Elkton Gas employees on terms and at compensation and benefit levels comparable to their then-existing terms and compensation and benefit levels;

- SJI will assume existing obligations to Elkton Gas Company's employees and retirees with respect to pension benefits;

- Elkton Gas Company core management team will be maintained post-Closing;

- Elkton Gas Company's service center, walk-in payment center and Elkton Headquarters will be maintained for at least 3 years;

- SJI will not seek to recover in rates any premium paid for assets acquired in the Acquisition or goodwill arising from the Acquisition in the form of an acquisition adjustment or otherwise;

- Elkton Gas Company will not seek to recover any transaction costs in connection with the Acquisition. For purposes of this commitment, transaction costs are defined as: consultant, investment banker, legal and regulatory support fees (internal and external), printing and similar expenses, change in control payments, and any severance or retention costs.

- SJI commits to honor and implement Elkton Gas Company's Pipeline Remediation Plan related to any deficiencies found in the Aldyl-A and/or other piping materials;

- Elkton Gas will not issue debt or equity to fund the acquisition;

- There will be no change to Elkton Gas's existing ratemaking capital structure ratios of debt and equity in connection with the Acquisition. Elkton Gas Company will maintain a rolling 12-month average annual equity ratio of at least 48 percent;

- Elkton Gas Company commits to increase its current Diverse Spend Ratio ("DSR") as defined in the May 29, 2009 Elkton Gas Supplier Diversity Memorandum of Understanding and aims to increase its DSR over time from 19.97 percent for the year 2017 to 25%;

- Elkton Gas Company will file its next base rate case by July 2018;

- SJI will maintain Elkton Gas's current level of community support contributions for a period of ten years following the Closing. Community support projects could include charitable, workforce development and economic development efforts. Elkton Gas Company will not seek recovery in its rates of costs related to these community support contributions;

- SJI will provide Elkton Gas Company with the resources necessary to invest in capital and infrastructure projects to help ensure that Elkton Gas Company may continue to provide safe, reliable and adequate utility service;

- Elkton Gas Company, South Jersey Gas and Elizabethtown Gas Company will have access to each other's resources in emergencies and other critical times;

- The SEM AMA, which is scheduled to last until at least March 31, 2019, will be assigned to SJRG. Following the March 31, 2019 conclusion of the SEM AMA, SJRG and Elkton Gas will enter into a new asset management agreement (the "Replacement Agreement") for a five-year term commencing April 1, 2019 through March 31, 2024. As a result of the assignment of the SEM AMA and the Replacement Agreement, Elkton Gas customers will be guaranteed a minimum of $10,800.00 in credits annually over that period, in addition to the approximately $115,000.00 rate credit to be provided to Elkton Gas customers within 90 days of Closing.

Exhibit B

ASSET PURCHASE AGREEMENT

by and between

Pivotal Utility Holdings, Inc.

as Seller,

and

South Jersey Industries, Inc.

as Buyer

Dated as of October 15, 2017

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APPENDICES AND EXHIBITS

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made and entered into as of October 15, 2017, by and between Pivotal Utility Holdings, Inc., a New Jersey corporation ("Seller"), and South Jersey Industries, Inc., a New Jersey corporation ("Buyer" and together with Seller, the "Parties" and each individually a "Party").

Recitals

WHEREAS, Seller owns the Purchased Assets (as defined below), which constitute the Elkton Gas operating division of Seller; and

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Purchased Assets and Seller desires to assign to Buyer, and Buyer desires to assume from Seller, the Assumed Obligations (as defined below).

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions.

(a) As used in this Agreement, the following terms have the meanings specified in this Section 1.1(a):

"2017/2018 Budget" has the meaning set forth in Section 7.1(d).

"ABO" has the meaning set forth in Section 7.11(d).

"Accounting Firm" has the meaning set forth in Section 3.2(c).

"Acquisition" has the meaning set forth in Section 10.2(e).

"Affiliate" has the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

"Allocation Schedule" has the meaning set forth in Section 7.9(a).

"Ancillary Agreements" means the Bill of Sale, each Assignment of Easements, each Assignment of Leases, the Deed and each other instrument, certificate or document contemplated to be executed or delivered by any Party in connection with the transactions contemplated by this Agreement.

"APBO" has the meaning set forth in Section 7.11(e).

"Assigned IP" has the meaning set forth in Section 2.2(f).

"Assignment of Easements" means the assignment and assumption of Seller's right, title and interest in the Conveyed Easements to be executed and delivered by Seller at the Closing, substantially in the form attached hereto as Exhibit A.

"Assignment of Leases" means the assignment of the Leases, to be executed and delivered by Seller and Buyer at the Closing, substantially in the form attached hereto as Exhibit B.

"Assumed Obligations" has the meaning set forth in Section 2.4.

"Balance Sheet" has the meaning set forth in Section 5.4(a).

"Base Purchase Price" has the meaning set forth in Section 3.1.

"Benefit Plan" has the meaning set forth in Section 5.13(a).

"Bill of Sale" means the bill of sale, assignment and assumption agreement to be executed and delivered by Seller and Buyer at the Closing, substantially in the form attached hereto as Exhibit C.

"Business" means the business and operations of the Elkton Gas operating division of Seller, as currently conducted by Seller.

"Business Agreement" means any contract, agreement, real or personal property lease, commitment, understanding, or instrument to which Seller or any Affiliate of Seller is a party, whether oral or written, that relates primarily to the Business, the Purchased Assets, or the Assumed Obligations.

"Business Confidential Information" has the meaning set forth in Section 7.3(a).

"Business Day" means any day other than Saturday, Sunday, or any day on which banks in the City of New York are authorized by Law to close.

"Business Employee" means an employee of Seller or its Affiliates who is employed as of the Effective Date and whose work responsibilities relate primarily to the Business, as set forth on Schedule 7.10(a) as it may be updated from time to time.

"Buyer Indemnified Representation" has the meaning set forth in Section 9.1.

"Buyer" has the meaning set forth in the introductory paragraph hereto.

"Buyer Benefit Plan" has the meaning set forth in Section 7.11(a).

"Buyer Indemnitees" has the meaning set forth in Section 9.2(a).

"Buyer Pension Plan" has the meaning set forth in Section 7.11(d).

"Buyer Required Regulatory Approvals" means the approvals set forth on Schedule 1.1(a), which shall include compliance with and filings under the requirements of the HSR Act.

"Buyer VEBA" has the meaning set forth in Section 7.11(e).

"Buyer's Representatives" means Buyer's accountants, employees, counsel, environmental consultants, financial advisors, and other Representatives.

"Cash and Cash Equivalents" means all cash, bank accounts, certificates of deposit, commercial paper, treasury bills and notes, marketable securities and other cash equivalents of the Business, and all other items included as cash or cash equivalents on the Financial Statements.

"Claims" means any and all administrative, regulatory, judicial or arbitration actions or causes of action, suits, petitions, proceedings (including arbitration proceedings), investigations, hearings, demands, demand letters, claims, or notices of noncompliance or violation delivered by any Governmental Entity or other Person.

"Closing" has the meaning set forth in Section 4.1.

"Closing Statement" has the meaning set forth in Section 3.2(b).

"Closing Working Capital" has the meaning set forth in Section 3.2(b).

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"COBRA Continuation Coverage" means the continuation of medical coverage required under sections 601 through 608 of ERISA, and section 4980B of the Code and any comparable continuation of medical coverage required by applicable state or local Law.

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Information" has the meaning set forth in Section 7.3(a).

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of August 31, 2017, as amended, between Southern Company Gas and Buyer.

"Continuation Period" has the meaning set forth in Section 7.11(a).

"Continuing Guarantees" has the meaning set forth in Section 7.19.

"Conveyed Easements" has the meaning set forth in Section 2.2(a)(i).

"Current Assets" means the current assets of the Business as of the Effective Time, including billed and unbilled revenues, inventory (including Gas Inventory), prepaid expenses, any account balances related to other items that would be classified as "current assets" on the Financial Statements, as well as the other assets identified on Schedule 1.1(g), in each case,

determined in accordance with, and subject to, the Principles applicable to determining the Working Capital; provided, however, that "Current Assets" shall not include Cash and Cash Equivalents, any other asset that does not constitute a Purchased Asset or any other asset included in "current assets" on the Financial Statements that are specifically excluded from "Current Assets" on Schedule 1.1(g).

"Current Liabilities" means the current liabilities of the Business as of the Effective Time, including accounts payable and accrued expenses, any liabilities related to other items that would be classified as "current liabilities" on the Financial Statements, as well as the other liabilities identified on Schedule 1.1(g), in each case, determined in accordance with, and subject to, the Principles; provided, however, that "Current Liabilities" shall not include Excluded Liabilities or any other liabilities included in "current liabilities" on the Financial Statements that are specifically excluded from "Current Liabilities" on Schedule 1.1(g).

"Deed" means the deeds to be executed and delivered by Seller at the Closing with respect to the Owned Real Property, substantially in the form attached hereto as Exhibit D.

"Direct Loss" has the meaning set forth in Section 9.3(d).

"Documents" means the files, documents, client lists, instruments, papers, books, reports, purchase orders, invoices, copies of cancelled checks, accounting records, regulatory filings including in respect of general or other rate cases (and all filings and correspondence with the PSC and the NJBPU), operating data and plans, mapping records, technical documentation (such as design specifications, functional requirements, and operating instructions), user documentation (such as installation guides, user manuals, and training materials), and other similar materials, in any form, to the extent in the possession or control of Seller and to the extent related primarily to the Purchased Assets, the Assumed Obligations or the Business; provided, that "Documents" does not include: (i) any of the foregoing to the extent primarily related to any Excluded Asset or Excluded Liability; (ii) information which, if provided to Buyer, would violate any applicable Law or Order; (iii) any valuations related to the sale of the Business, the Purchased Assets, or the Assumed Obligations; (iv) any and all materials not relating primarily to the Business; (v) any materials protected by attorney-client privilege or other legal privilege; (vi) copies of materials archived or backed up in accordance with normal procedures; and (vii) Tax Returns and any related or supporting information.

"Easements" means all easements, license agreements, railroad crossing rights, rights-of-way, leases for rights-of-way, and similar use and access rights related to the Purchased Assets or Business.

"Effective Date" has the meaning set forth in Section 4.1.

"Effective Date Payment" has the meaning set forth in Section 3.1(a).

"Effective Time" has the meaning set forth in Section 4.1.

"Elizabethtown Asset Purchase Agreement" means the Asset Purchase Agreement relating to the Elizabethtown Gas operating division of Seller entered into as of the date hereof by and between Seller and Buyer.

"Elizabethtown Closing" has the same meaning as Closing as such term is defined in the Elizabethtown Asset Purchase Agreement.

"Encumbrances" means any mortgages, pledges, liens, claims, charges, security interests, conditional and installment sale agreements, activity and use limitations, Easements, covenants, encumbrances, obligations, limitations, title defects, deed restrictions, preferential purchase rights or options, and any other restrictions of any kind, including restrictions on use, transfer, receipt of income, or exercise of any other attribute of ownership.

"Environment" means all or any of the following media: soil, land surface and subsurface strata, surface waters (including navigable waters, streams, ponds, drainage basins, and wetlands), groundwater, drinking water supply, stream sediments, ambient air (including the air within buildings and the air within other natural or man-made structures above or below ground), plant and animal life, and any other natural resource.

"Environmental Claims" means any and all Claims arising pursuant to any Environmental Laws or Environmental Permits, or arising from the presence, Release, or threatened Release (or alleged presence, Release, or threatened Release) into the Environment of any Hazardous Materials, including any and all Claims by any Governmental Entity or by any Person for enforcement, cleanup, remediation, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation, or injunctive relief pursuant to any Environmental Law.

"Environmental Laws" means any and all Laws regulating or relating to, or imposing liability with respect to, pollution or the protection of human health, safety, the Environment, or damage to natural resources, including Laws relating to Releases and threatened Releases or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq. ("CERCLA"); the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Oil Pollution Act, 33 U.S.C. § 2701 et seq.; the Endangered Species Act, 16 U.S.C. § 1531 et seq.; the National Environmental Policy Act, 42 U.S.C. § 4321, et seq.; the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; the Atomic Energy Act, 42 U.S.C. § 2014 et seq.; the Nuclear Waste Policy Act, 42 U.S.C. § 10101 et seq.; the Protecting our Infrastructure of Pipelines and Enhancing Safety Act, 49 U.S.C. 60101 et. seq. and their state and local counterparts or equivalents, all as amended from time to time, and regulations issued pursuant to any of those Laws.

"Environmental Permits" means all permits, registrations, certifications, licenses, franchises, exemptions, approvals, consents, waivers, water rights or other authorizations of Governmental Entities issued under or with respect to applicable Environmental Laws and used or held by Seller for the operation of the Business.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any Person or entity that together with Seller would be deemed to be under common control within the meaning of section 414(b), (c), (m) or (o) of the Code.

"Estimated Closing Statement" has the meaning set forth in Section 3.2(a).

"Estimated Closing Working Capital" means Seller's good faith estimate of the Closing Working Capital calculated in accordance with the Principles.

"Excluded Assets" has the meaning set forth in Section 2.3.

"Excluded Liabilities" has the meaning set forth in Section 2.5.

"Financial Statements" has the meaning set forth in Section 5.4(a).

"Financing" means any financing transaction to be entered into by Buyer or its Affiliates in connection with the transactions contemplated hereby.

"Financing Sources" means the agents, arrangers, lenders and other entities that have committed to provide or arrange the Financing or other financings in connection with the transactions contemplated by this Agreement, together with their respective Affiliates and their and their respective Affiliates' current, former or future officers, directors, employees, partners, trustees, shareholders, equity holders, managers, members, limited partners, controlling persons, agents, advisors and representatives and respective successors and assigns of the foregoing Persons.

"Franchises" has the meaning set forth in Section 5.7(a)(i).

"GAAP" means United States generally accepted accounting principles, applied on a consistent basis.

"GAS Affiliate" means Southern Company Gas and all of its direct and indirect subsidiaries.

"Gas Inventory" means the book value of the inventory of natural gas and natural gas products located in Seller's facilities or in facilities contracted or leased by Seller that are included in the Purchased Assets, determined as of a particular date in accordance with, and subject to, the Principles.

"Governing Documents" of a Party means the articles or certificate of incorporation and bylaws, or comparable governing documents, of such Party.

"Governmental Entity" means the United States of America and any other federal, state, local, or foreign governmental or regulatory authority, department, agency, commission, body, court, or other governmental entity.

"Guarantees" has the meaning set forth in Section 7.19.

"Hazardous Material" means (i) any chemicals, materials, substances, or wastes which are now or hereafter defined as or included in the definition of "hazardous substance," "hazardous material," "hazardous waste," "solid waste," "toxic substance," "extremely hazardous substance," "pollutant," "contaminant," or words of similar import under any applicable Environmental Laws; (ii) any petroleum, petroleum products (including crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas useable for fuel (or mixtures of natural gas and such synthetic gas), or oil and gas exploration or production waste, polychlorinated biphenyls, asbestos-containing materials, mercury, and lead-based paints; and (iii) any other chemical, material, substances, waste, or mixture thereof which is prohibited, limited, or regulated by Environmental Laws.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnifiable Loss" has the meaning set forth in Section 9.2(a).

"Indemnification Cap" has the meaning set forth in Section 9.3(a).

"Indemnifying Party" has the meaning set forth in Section 9.3(a).

"Indemnitee" has the meaning set forth in Section 9.3(a).

"Intellectual Property" means (i) any U.S. or foreign patents, copyrights, trademarks, maskworks, and other similar intangible rights throughout the world, and applications or registrations for any of the foregoing, (ii) any protectable or proprietary interest, whether registered or unregistered, in know how, trade secrets, database rights, software, operating and manufacturing procedures, designs, specifications and the like, (iii) any protectable or proprietary interest in any similar intangible asset of a technical, scientific or creative nature, and (iv) any protectable or proprietary interests in or to any documents or other tangible media containing any of the foregoing.

"Inventory" has the meaning set forth in Section 2.2(a)(iii).

"IT Assets" has the meaning set forth in Section 2.2(a)(vii).

"Law" means any statutes, regulations, rules, ordinances, codes, and similar acts or promulgations of any Governmental Entity.

"Leases" has the meaning set forth in Section 2.2(a)(i).

"Leased Real Property" means the real property in which Seller holds a leasehold interest under a Lease.

"Loss" or "Losses" means losses, liabilities, damages, obligations, payments, penalties, costs, and expenses (including, without limitation, the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements, and compromises relating thereto,

reasonable attorneys' fees, reasonable disbursements, interest, penalties and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened or any Claim or Order in connection therewith).

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, properties, results of operations, or condition (financial or otherwise) of the Business, taken as a whole, or (b) the ability of Seller to perform its obligations under this Agreement and consummate the transactions contemplated hereby on a timely basis; provided, however, that, in the case of clause (a) only, (1) the determination of Material Adverse Effect shall take into account any payment, indemnification or other obligation that Seller agrees to make, provide or assume in order to cure or mitigate any such effect and (2) Material Adverse Effect shall not include any fact, circumstance, effect, change, event or development that results from or arises out of (i) the announcement or pendency of this Agreement and the transactions contemplated hereby (including, but not limited to, any adverse effect resulting from any action by a Governmental Entity taken in connection with the Required Regulatory Approvals), (ii) any change in the conditions in the international, national or regional economy, financial markets, capital markets or commodities markets, including changes in interest rates or exchange rates, (iii) any change in international, national, regional, or local regulatory or political conditions, (iv) any change in Law, regulation or accounting principle (or authoritative interpretation thereof), (v) any change in GAAP or in the generally applicable principles used in the preparation of the financial statements as required by the PSC, (vi) any changes or developments in national, regional, state or local wholesale or retail markets for natural gas or related products including those due to actions by competitors or due to changes in commodities prices or hedging markets therefor, (vii) any changes or developments in national, regional, state or local natural gas transmission or distribution systems, (viii) any changes or developments in national, regional, state, or local wholesale or retail natural gas prices, (ix) acts expressly permitted by this Agreement or consented to or requested by Buyer, (x) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism, (xi) any failure to meet any internal or published projections, forecasts, estimates or predictions in respect of recoveries, revenues, earnings or other financial or operating metrics for any period and (xii) any changes in weather or climate or acts of God; provided further, that with respect to clauses (ii)-(viii) and (x), such impact shall be excluded only to the extent it is not disproportionately adverse to the Business, taken as a whole, as compared to other businesses operating in the same industry.

"Material Contracts" has the meaning set forth in Section 5.7(a).

"NJBPU" means the New Jersey Board of Public Utilities.

"Notice of Disagreement" has the meaning set forth in Section 3.2(c).

"Order" means any order, decision, judgment, writ, injunction, decree, directive, or award of a court, administrative judge, or other Governmental Entity acting in an adjudicative or regulatory capacity, or of an arbitrator with applicable jurisdiction over the subject matter and is inclusive of any Regulatory Order.

"Ordinary Course Update" has the meaning set forth in Section 7.16.

"Owned Real Property" has the meaning set forth in Section 2.2(a)(i).

"Party" has the meaning set forth in the introductory paragraph hereto.

"Pension Participant" means all persons (i) whose work responsibilities related primarily to the Business, (ii) who was a participant in the Seller Pension Plan and (iii) who retired or whose employment with Seller or its Affiliates terminated for any reason prior to or as of the Closing (including the Transferred Employees).

"Permits" means all permits, certifications, licenses, franchises, exemptions, approvals, consents, waivers or other authorizations of Governmental Entities issued under or with respect to applicable Laws or Orders and used or held by Seller for the operation of the Business or the Purchased Assets, other than Environmental Permits.

"Permitted Encumbrances" means (i) those Encumbrances set forth in Schedule 1.1(b); (ii) statutory liens for Taxes or assessments not yet due or delinquent or the validity or amount of which is being contested; (iii) mechanics', carriers', workers', repairers', landlords', and other similar liens arising or incurred in the ordinary course of business consistent with past practice relating to obligations as to which there is no default on the part of Seller or that are not individually or in the aggregate material in amount or to the Business or the Purchased Assets, taken as a whole, and the validity or amount of which is being contested in good faith by appropriate proceedings, or pledges, deposits, or other liens securing the performance of bids, trade contracts, leases, or statutory obligations (including workers' compensation, unemployment insurance, or other social security legislation); (iv) zoning, entitlement, restriction, and other land use and environmental regulations by Governmental Entities; (v) all rights of any person under condemnation, eminent domain, or other similar proceedings which are pending or threatened in writing prior to the Effective Date; (vi) all Encumbrances arising under approvals relating to the Business or Purchased Assets which have been issued by any Governmental Entities; (vii) Encumbrances existing under or as a result of (A) any leases of Real Property identified in the Seller Disclosure Schedules or (B) leases, subleases, licenses or other agreements which do not constitute Material Contracts; and (viii) Encumbrances created by or through Buyer as of the Closing; provided, however, in the case of (v) and (vi) above, such Encumbrances shall be Permitted Encumbrances so long as they do not prohibit or materially interfere with the operations of the Real Property as currently operated and do not render title to the Owned Real Property unmarketable.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, or Governmental Entity.

"Post-Closing Taxes" means all Taxes related to the Purchased Assets and Business for all Taxable Periods or portions thereof other than Pre-Closing Tax Periods.

"Pre-Closing Taxes" means all Taxes related to the Purchased Assets and Business for all Pre-Closing Tax Periods.

"Pre-Closing Tax Period" means any Taxable Period ending at or before the Effective Time and the portion of any Straddle Tax Period ending at the Effective Time.

"Principles" has the meaning set forth in Section 3.2(a).

"PSC" means the Maryland Public Service Commission.

"Purchased Assets" has the meaning set forth in Section 2.2.

"Purchased Business Agreements" has the meaning set forth in Section 2.2(b).

"Purchase Price" means (i) the Base Purchase Price plus (ii) the Closing Working Capital.

"Qualifying Offer" has the meaning set forth in Section 7.10(b).

"Real Property" has the meaning set forth in Section 2.2(a)(i).

"Regulatory Order" means an Order issued by the PSC that affects or governs the rates, services, or other utility operations of the Business.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Materials into the Environment.

"Representatives" means, with respect to any Person, the officers, directors, employees, agents, accountants, advisors, bankers and other representatives of such Person.

"Required Regulatory Approvals" means the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals.

"Retained Agreements" has the meaning set forth in Section 2.3(e).

"Retained Business" means all businesses and operations of Seller and its Affiliates (other than the Business), including the business of acquiring, owning, and managing generation assets, including renewable energy projects, and selling electricity at market-based rates in the wholesale market as currently conducted by Seller and its Affiliates.

"Sample Statement" has the meaning set forth in Section 1.1(a).

"Schedule Update" has the meaning set forth in Section 7.16.

"Section 414(l) Amount" has the meaning set forth in Section 7.11(d).

"Seller" has the meaning set forth in the introductory paragraph hereto.

"Seller Disclosure Schedules" means, collectively, all of the Schedules delivered by Seller to Buyer in connection with this Agreement.

"Seller Indemnified Representation" has the meaning set forth in Section 9.1.

"Seller Indemnitees" has the meaning set forth in Section 9.2(b).

"Seller Marks" means all registered and unregistered trademarks, service marks, trade names, logos, Internet domain names and any applications for registration of any of the foregoing, together with all goodwill associated with each of the foregoing ("Trademarks"), owned or used by Seller or its Affiliates, including all Trademarks that include the term "Southern Company Gas" or "AGL Resources" and all Trademarks related thereto or containing or comprising the foregoing, including any Trademarks confusingly similar thereto or dilutive thereof (including any word or expression similar thereto or constituting an abbreviation or extension thereof); provided, however, "Seller Marks" shall not include the trademark "Elkton Gas."

"Seller Pension Plan" has the meaning set forth in Section 7.11(d).

"Seller Required Regulatory Approvals" means the approvals set forth on Schedule 1.1(d), which shall include compliance with and filings under the requirements of the HSR Act.

"Seller's 401(k) Plan" has the meaning set forth in Section 7.11(c).

"Seller's Knowledge", or words to similar effect, means the actual (and not constructive or imputed) knowledge of any individual listed on in Schedule 1.1(e).

"Seller's Representatives" means Seller's accountants, employees, counsel, environmental consultants, financial advisors, managers and other Representatives.

"Straddle Tax Period" means any Taxable Period that begins at or before the Effective Time and ends after the Effective Time.

"Survival Period" has the meaning set forth in Section 9.1.

"Tax" and "Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, whether disputed or not, including any obligation to indemnify or otherwise discharge any Tax liability of any other Person.

"Taxable Period" means any taxable year or other period with respect to which any Tax may be imposed under any applicable statute, rule or regulation.

"Tax Contest" has the meaning set forth in Section 5.12(b).

"Tax Dispute Referee" has the meaning set forth in Section 7.9(a).

"Tax Return" means any return, report, election, declaration, information return, or other document, including any schedules thereto or amendments thereof, provided or required to be filed with any Governmental Entity with respect to Taxes.

"Termination Date" has the meaning set forth in Section 10.1(b).

"Termination Fee" has the meaning set forth in Section 10.2(c).

"Territory" means the service territory described in Schedule 1.1(f).

"Third Party Claim" has the meaning set forth in Section 9.3(a).

"Third Party Claim Notice" has the meaning set forth in Section 9.3(a).

"Threshold Amount" has the meaning set forth in Section 9.4(b)(i).

"Transferable Permits" has the meaning set forth in Section 2.2(c).

"Transfer Date" has the meaning set forth in Section 7.11(d).

"Transferred Employee" has the meaning set forth in Section 7.10(b).

"Transfer Taxes" means any excise, transfer (including real property transfer), documentary, sales, use, value added, stamp, registration, conveyance, filing and recording fees and charges and other similar Taxes, including any interest, penalties, or additions with respect thereto.

"Vehicles" has the meaning set forth in Section 2.2(a)(v).

"WARN Act" means the federal Worker Adjustment Retraining and Notification Act of 1988, as amended, and similar state or local laws related to plant closing, relocations and mass layoffs.

"Welfare Trust" has the meaning set forth in Section 7.11(e).

"Willful Breach" has the meaning set forth in Section 10.2(e).

"Working Capital" means, (a) Current Assets, minus (b) Current Liabilities, in each case, as of the Effective Time, calculated in accordance with the Principles applicable to the Working Capital calculation; provided, that "Working Capital" shall not include any expense or liability for any Taxes or any refund, credit, or other asset relating to any Taxes. Schedule 1.1(g) sets forth a sample calculation of the Working Capital as of December 31, 2016 (the "Sample Statement").

Section 1.2. Other Interpretive Matters. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation apply:

(a) Appendices, Exhibits and Schedules. Unless otherwise expressly indicated, any reference in this Agreement to an "Appendix," "Exhibit" or "Schedule" refers to

an Appendix, Exhibit or Schedule to this Agreement. The Appendices, Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof as if set forth in full herein and are an integral part of this Agreement. Any capitalized terms used in any Appendix, Exhibit or Schedule but not otherwise defined therein are defined as set forth in this Agreement. In the event of conflict or inconsistency, this Agreement and the Appendices shall prevail over any Exhibit or Schedule.

(b) Time Periods. When calculating the period of time before which, within which, or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period will be excluded. If the last day of such period is a non-Business Day, the period in question will end on the next succeeding Business Day.

(c) Gender and Number. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter, and the singular includes the plural, and the plural includes the singular.

(d) Certain Terms. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement (including the Appendices, Exhibits and Schedules to this Agreement) as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The word "including" or any variation thereof means "including, without limitation" and does not limit any general statement that it follows to the specific or similar items or matters immediately following it. The word "willful" means intentional and malicious. The words "to the extent" when used in reference to a liability or other matter, means that the liability or other matter referred to is included in part or excluded in part, with the portion included or excluded determined based on the portion of such liability or other matter exclusively related to the subject or period. The word "or" shall be disjunctive but not exclusive. A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns. A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or reenactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto. The phrase "ordinary course of business" refers to the ordinary course of business of the Business and not of Seller and its Affiliates generally.

(e) Headings. The division of this Agreement into Articles, Sections, and other subdivisions, and the insertion of headings are for convenience of reference only and do not affect, and will not be utilized in construing or interpreting, this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

(f) Joint Participation. The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE II

PURCHASE AND SALE

Section 2.1. Transaction. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing, (i) Seller will sell, assign, convey, transfer, and deliver (or cause to be sold, assigned, conveyed, transferred and delivered) to Buyer, and Buyer will purchase and acquire from Seller (or an Affiliate of Seller, as the case may be), free and clear of all Encumbrances (except for Permitted Encumbrances), all of Seller's or Seller's Affiliate's right, title and interest in, to and under the Purchased Assets and (ii) Buyer will, subject to the terms of this Agreement and the Ancillary Agreements, assume and become responsible for all of the Assumed Obligations without recourse to Seller or any of its Affiliates, and thereafter pay, perform and discharge when due, the Assumed Obligations.

Section 2.2. Purchased Assets. For purposes hereof, the "Purchased Assets" shall mean the following assets primarily related to, used in, held for use in or with respect to the Business, as the same exist at the Effective Time (and, as permitted or contemplated hereby, with such additions and deletions as shall occur from the date hereof through the Effective Time), except to the extent that such assets are Excluded Assets:

(a) The following real and personal property, plant and equipment and related tangible property:

(i) the fee interests in real property described on Schedule 2.2(a)(i), including buildings, structures, pipelines, other improvements, and fixtures located thereon (the "Owned Real Property"); the leasehold interests under the leases described on Schedule 2.2(a)(i) (the "Leases"); and the Easements described on Schedule 2.2(a)(i) relating to the operation of the Business, including buildings, structures, pipelines, other improvements and fixtures located thereon (the "Conveyed Easements" and, all of the foregoing, the "Real Property");

(ii) the natural gas distribution utility system assets used primarily in the Business, including as described on Schedule 2.2(a)(ii);

(iii) the Gas Inventory of the Business to the extent owned by Seller as of the Effective Time;

(iv) the parts and other inventory that are held for use primarily in connection with the Business to the extent owned by Seller or any of its Affiliates as of the Effective Time (collectively, the "Inventory");

(v) all motor vehicles, trailers and similar rolling stock used primarily in the Business, including as described on Schedule 2.2(a)(v), to the extent owned or leased by Seller or any of its Affiliates as of the Effective Time (collectively, the "Vehicles");

(vi) the furnishings, fixtures, machinery, equipment, materials and other tangible personal property owned by Seller or any of its Affiliates (other than

Inventory, IT Assets and Vehicles) that are located in the Territory and that are used primarily in connection with the operation of the Business to the extent owned by Seller as of the Effective Time; and

(vii) the information technology and communications equipment used primarily in the Business and located in the Territory, including as described on Schedule 2.2(a)(vii) ("IT Assets");

(b) the Business Agreements described on Schedule 2.2(b) (the "Purchased Business Agreements"), subject to Section 7.7(b);

(c) the Permits used or held by Seller primarily in connection with the Business or the ownership or operation of the Purchased Assets, including, but not limited to, the items set forth on Schedule 2.2(c), except to the extent that, any such Permits are prohibited by applicable Law, Order or the terms of any such Permit from being assigned to Buyer in connection with the transactions contemplated hereby (the "Transferable Permits");

(d) all regulatory assets, including under-recovered gas cost adjustments and recoverable environmental costs;

(e) the Documents;

(f) the trademark "Elkton Gas" (including any other trademarks relating to the Business that only include the name "Elkton" and do not contain the names "Southern", "Southern Company Gas" or "Pivotal" or any other trademark owned by Seller), the domain name www.elktongas.com and all social media user names/accounts of the Business (including Twitter (@elktongas) and facebook (@ElktonGas)) (the "Assigned IP");

(g) all Claims and defenses of Seller or any of its Affiliates against any Person to the extent such Claims or defenses relate primarily to the Purchased Assets or the Assumed Obligations, provided such Claims and defenses will be assigned by Seller or such Affiliate to Buyer without warranty or recourse;

(h) all assets recorded or reflected on the Balance Sheet and acquired since the date of the Balance Sheet, including all Current Assets as of the Effective Time, including all receivables and all credits, prepaid expenses, advance payments, security deposits, escrows and other prepaid items of Seller or any of its Affiliates arising from or primarily related to the Business, provided it will not include cash reserves or prepaid Taxes;

(i) the assets and other rights specifically set forth on Schedule 2.2(i); and

(j) any other asset, interest or rights of Seller or any of its Affiliates to the extent related exclusively or primarily to, used exclusively or primarily in or held for use exclusively or primarily in the Business, except for Excluded Assets.

Section 2.3. Excluded Assets. The Purchased Assets do not include any property or assets of Seller other than as described in Section 2.2 and, notwithstanding any provision to the contrary in Section 2.2 or elsewhere in this Agreement, the Purchased Assets do

not include the following property or assets of Seller (all assets excluded pursuant to this Section 2.3, the "Excluded Assets"):

(a) Cash and Cash Equivalents;

(b) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, and any other debt or equity interest in any Person;

(c) all assets used by Seller in performing corporate, support, administrative and other services, which assets are not utilized primarily by the Business;

(d) all intercompany receivables and loans;

(e) all Business Agreements other than the Purchased Business Agreements, including, without limitation, those set forth on Schedule 2.3(e) (the "Retained Agreements");

(f) any assets that have been disposed of in the ordinary course of business and in compliance with this Agreement after the date hereof and prior to the Effective Time;

(g) all books and records other than the Documents; provided, that with respect to any such books and records that contain information pertinent to the Business and the Retained Business, Seller shall permit Buyer to make copies (at its expense) of such books and records, subject to any applicable redactions of information that does not relate to the Business;

(h) any Seller Marks and any other Intellectual Property or rights therein or related to any business of Seller or any of its Affiliates other than the Business and the Assigned IP;

(i) any refund or credit, claim for refund or credit or rights to receive refunds or credits with respect to Taxes paid or payable by or on behalf of Seller or any Affiliate of Seller, whether such refund is received as a payment or as a credit, abatement or similar offset against future Taxes payable (except to the extent any such refund or credit relates to Taxes borne by Buyer pursuant to Section 7.9);

(j) except to the extent expressly provided in Section 2.2(g), all Claims of Seller against any Person;

(k) all rights, Claims, credits and defenses to the extent relating to any other Excluded Asset or any Excluded Liability, including any such items arising under insurance policies, guarantees, warranties, indemnities and similar rights in respect of any such Excluded Asset or any Excluded Liability, whether arising before, on or after the Effective Date;

(l) all insurance policies, and rights thereunder, including any such policies and rights in respect of the Purchased Assets, the Assumed Obligations or the Business and including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries, whether arising before, on or after the Effective Date other than as provided for in Section 7.13;

(m) (i) all Tax Returns and any related or supporting information, (ii) Documents prepared in connection with the transactions contemplated hereby, including bids received from other Persons and analyses relating to the Business and (iii) file copies of any Documents retained by Seller, in each case, whether before, on or after the Effective Date;

(n) all rights of Seller or its Affiliates under any confidentiality, non-use or similar contract, agreement or understanding with any employee or contractor of Seller or its Affiliates to the extent that such rights do not primarily relate to the Business, whether arising before, on or after the Effective Date;

(o) all financial and Tax records relating to the Business and the Purchased Assets to the extent that they constitute a part of the general ledger of Seller or any of its Affiliates, whether before, on or after the Effective Date; provided, that with respect to any such financial and Tax records that contain information pertinent to the Business and the Retained Business, Seller shall permit Buyer to make copies (at its expense) of such books and records, subject to any applicable redactions of information that does not relate to the Business;

(p) the rights of Seller arising under or in connection with this Agreement, any certificate or other document delivered in connection herewith, and any of the transactions contemplated hereby and thereby;

(q) except as otherwise expressly provided in Section 7.10(d), Section 7.11(d) or Section 7.11(e), all Benefit Plans and all assets under or relating to any Benefit Plan;

(r) any properties, assets, goodwill and rights of Seller or any of its Affiliates of whatever kind and nature, real, personal or mixed, tangible or intangible that are not used primarily in, or that do not arise primarily out of, the operation or conduct of the Business, whether arising before, on or after the Effective Date;

(s) all goodwill of the Business (except, solely for Tax purposes, to the extent of any amount allocated to goodwill in an Allocation Schedule);

(t) any information technology and communications equipment other than the IT Assets; and

(u) the assets and other rights set forth on Schedule 2.3(u).

Section 2.4. Assumed Obligations. On the Effective Date, Buyer will deliver to Seller the Bill of Sale (and such other documents as may be needed with respect to specific obligations) pursuant to which Buyer will specifically assume, as of the Effective Time, the following liabilities and obligations of Seller, in each case, to the extent related to the Business (the "Assumed Obligations"):

(a) all accounts payable or other accrued and unpaid current expenses primarily arising out of or primarily relating to the operation or conduct of the Business outstanding as of or arising after the Effective Date, but only to the extent such payables and expenses are included in the calculation of Closing Working Capital;

(b) all liabilities and obligations of Seller with respect to over-recovered purchased gas cost adjustment charges, and all customer deposits, customer advances for construction, deferred credits, regulatory liabilities and other similar items, in each case primarily related to the Business;

(c) all obligations of Seller under any Regulatory Order applicable to the Business or the Purchased Assets;

(d) all contractual obligations and commitments under any Purchased Business Agreement, the Transferable Permits and any other agreements or contractual rights assigned or transferred to, or assumed by, Buyer, whether arising before, on or after the Effective Date;

(e) all Post-Closing Taxes; provided, however, Buyer is not assuming any liabilities for any Pre-Closing Taxes;

(f) all liabilities, obligations or commitments that relate primarily to, or that arise primarily out of, any Purchased Asset, or that arise out of the ownership by Buyer or its subsidiaries of any Purchased Asset or associated with the realization of the benefits of any Purchased Asset, whether arising before, on or after the Effective Date;

(g) all liabilities and obligations of Seller or any of its Affiliates, including, without limitation, those described on Schedule 7.19, with respect to guarantees by Seller or any of its Affiliates (or instruments serving a similar function) issued or created for the account of the Business, whether arising before, on or after the Effective Date;

(h) all liabilities, obligations and commitments, including financial assurance obligations, relating to the Business or any Purchased Asset, or attributable to the ownership of the Business or any Purchased Asset, arising under, based upon, or relating to, any Environmental Law, Environmental Permit, Environmental Claim or Release of Hazardous Materials, in each case, whether arising before, on or after the Effective Date;

(i) all liabilities and obligations for which Buyer is expressly responsible pursuant to Section 7.10(c); and

(j) all other liabilities accruing, arising out of or relating primarily to the conduct or operation of the Business or the ownership or use of the Purchased Assets prior to, from and after the Effective Time.

Section 2.5. Excluded Liabilities. Seller acknowledges that the Assumed Obligations shall not include the following liabilities, obligations and commitments of Seller (collectively, the "Excluded Liabilities"):

(a) any liabilities or obligations of Seller and its Affiliates related to or arising out of the Excluded Assets or the Retained Business;

(b) any liabilities or obligations in respect of Pre-Closing Taxes;

(c) except as otherwise expressly provided in Section 7.10(c), Section 7.10(d), Section 7.11(d) or Section 7.11(e), any liabilities under or relating to any Benefit Plan;

(d) all intercompany payables;

(e) any liabilities or obligations of Seller arising under or in connection with this Agreement, the Ancillary Agreements, any certificate or other document delivered in connection in herewith, and any of the transactions contemplated hereby and thereby;

(f) any liabilities or obligations of Seller and its Affiliates in respect of indebtedness for borrowed money or any other notes payable, except for liabilities included in Working Capital;

(g) except to the extent otherwise specifically provided herein, all transaction expenses incurred in connection with this Agreement by Seller, including costs incurred in connection with the process of selling the Business or the negotiation, preparation or execution of this Agreement or the Ancillary Agreements or the performance or consummation of the transactions contemplated hereby or thereby, including all fees and expenses of counsel, advisors, consultants, investment bankers, accountants, auditors and any other experts; and

(h) any liabilities or obligations of Seller or any of its Affiliates incurred prior to the Effective Time with respect to any present or former employees, officers, directors, retirees, independent contractors or consultants of the Business (including the Business Employees), including any beneficiaries or dependents of such individuals, for any claims for wages or other benefits, bonuses, accrued vacation, workers' compensation, severance, retention, termination or other payments or benefits, except liabilities and obligations as are specifically included in the Working Capital or for which Buyer is expressly responsible pursuant to Section 7.10(c).

Section 2.6. Consents to Assignment. Notwithstanding anything else contained herein, if any consent has not been obtained with respect to the assignment to Buyer of a Purchased Business Agreement for which consent is required or which contains a prohibition against assignment as of the Effective Date, or if an attempted assignment of any such Purchased Business Agreement would be ineffective, (a) Seller shall, as soon as reasonably practicable after becoming aware of either circumstance through receipt of notice thereof or otherwise, advise Buyer thereof and (b) after the Effective Date, Seller shall cooperate with Buyer to implement reasonable arrangements (taking into account Seller's remaining assets and personnel following the Closing), to the extent reasonably practicable and permissible under such Purchased Business Agreement, so that Buyer will receive the benefits and be responsible for the obligations under such Purchased Business Agreement, at the sole cost and expense of Buyer.

ARTICLE III

PURCHASE PRICE

Section 3.1. Purchase Price. As consideration for the sale, assignment, transfer, conveyance and delivery of the Purchased Assets pursuant to this Agreement:

(a) on the Effective Date, Buyer agrees to pay (or cause to be paid) to Seller (or to one or more Affiliates of Seller), in cash, amounts equal to (i) ten million dollars ($10,000,000) (the "Base Purchase Price") plus (ii) the Estimated Closing Working Capital ((i) and (ii), collectively, the "Effective Date Payment"), pursuant to Section 4.2;

(b) on the Effective Date, Buyer agrees to assume the Assumed Obligations; and

(c) after the Effective Date, Buyer and Seller agree to make the adjustments and payments described in Section 3.2, as applicable.

Section 3.2. Working Capital Adjustment.

(a) Not less than five (5) Business Days prior to the anticipated Effective Date, Seller shall deliver to Buyer a statement setting forth in reasonable detail the Estimated Closing Working Capital (the "Estimated Closing Statement"). The Estimated Closing Statement shall be prepared by Seller in accordance with GAAP as modified by the methods, principles and categories that were used to prepare the sample calculation of the Working Capital as of June 30, 2017 as set forth on Schedule 1.1(g) (the "Principles"); provided, that, in the event of a conflict between GAAP and the Principles, the Principles shall prevail; provided, however, that all amounts included in the Estimated Closing Statement shall reflect Seller's good faith and reasonable estimates as of the point in time reflected therein based on all information then available to Seller.

(b) Within sixty (60) days after the Effective Date, Buyer shall prepare and deliver to Seller a statement (the "Closing Statement"), setting forth the Working Capital as of the close of business on the last Business Day prior to the Effective Date (the "Closing Working Capital") calculated in accordance with the Principles.

(c) During the thirty (30) day period following Seller's receipt of the Closing Statement, Seller shall be permitted to review the working papers of Buyer relating to the Closing Statement. The Closing Statement shall become final and binding upon the Parties on the 30th day following delivery thereof to Seller, unless Seller gives written notice of its disagreement with the Closing Statement (the "Notice of Disagreement") to Buyer prior to such date. Any Notice of Disagreement shall be signed by Seller and shall (i) specify in reasonable detail the nature of any disagreement so asserted, (ii) only include disagreements based on mathematical errors, or based on the Closing Working Capital not being calculated in accordance with Section 3.2 or the Principles, and (iii) specify what Seller reasonably believes is the correct amount of the Closing Working Capital, including a reasonably detailed description of the adjustments applied to the Closing Statement in calculating such amount. If the Notice of Disagreement is received in a timely manner, then the Closing Statement (as revised in accordance with this sentence), shall become final and binding upon Buyer and Seller on the earlier of (i) the date Seller and Buyer resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement or (ii) the date any disputed matters are finally resolved in writing by the Accounting Firm as provided below. During the thirty (30) day period following the delivery of the Notice of Disagreement, if any, (i) Buyer and Seller shall seek in good faith to resolve in writing any differences that they may have with respect to the

matters specified in the Notice of Disagreement and (ii) Buyer shall have access to the working papers of Seller prepared in connection with the Notice of Disagreement. At the end of such thirty (30) day period, if Buyer and Seller have not resolved their disagreement, Buyer and Seller shall submit to an independent accounting firm (the "Accounting Firm") for resolution any matters that remain in dispute and which were properly included in the Notice of Disagreement together with a brief written explanation of each Party's position. The Accounting Firm shall be independent and mutually agreeable to both Buyer and Seller. Buyer and Seller shall jointly instruct the Accounting Firm that it (i) shall review only the matters that were properly included in the Notice of Disagreement which remain unresolved, (ii) shall make its determination in accordance with the requirements of this Section 3.2, and (iii) shall render its decision within twenty (20) days from the submission of such matters. Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the Party against which such determination is to be enforced. The fees, costs and expenses of the Accounting Firm incurred pursuant to this Section 3.2 shall be borne fifty percent (50%) by Seller and fifty percent (50%) by Buyer.

(d) The fees, costs and expenses of Buyer incurred in connection with its preparation of the Closing Statement, its review of any Notice of Disagreement, and its preparation of any written brief submitted to the Accounting Firm shall be borne by Buyer, and the fees, costs and expenses of Seller incurred in connection with its preparation and review of the Closing Statement, its preparation and certification of any Notice of Disagreement and its preparation of any written brief submitted to the Accounting Firm shall be borne by Seller.

(e) If the Closing Working Capital exceeds the Estimated Closing Working Capital, Buyer shall, or if the Estimated Closing Working Capital exceeds the Closing Working Capital, Seller shall, within ten (10) Business Days after the Closing Statement becomes final and binding on the Parties, make payment by wire transfer of immediately available funds of the amount of such difference, together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate, calculated on the basis of the actual number of days elapsed divided by three hundred sixty five (365), from (and including) the Effective Date through (but not including) the date of payment, to an account designated in writing by the other Party. The difference between the Closing Working Capital and the Estimated Closing Working Capital shall be allocated among the Purchased Assets in accordance with the Allocation Schedule (set forth in Section 7.9(a) below).

(f) The Closing Statement, either as accepted or deemed to have been accepted by Seller or as adjusted and resolved in the manner herein provided, shall fix the Closing Working Capital, and the payment to be made as discussed in Section 3.2(e).

(g) The scope of the disputes to be resolved by the Accounting Firm shall be limited to whether there were mathematical errors in the Closing Statement and whether the calculation of the Closing Working Capital was done in accordance with this Agreement and the Principles, and the Accounting Firm is not to make any other determination.

(h) Following the Closing, neither Buyer nor Seller shall take any action with respect to the accounting books and records of the Business on which the Closing Statement is to be based that is intended to obstruct, prevent or otherwise affect the results of the procedures set

forth in this Section 3.2 (including the amount of the Closing Working Capital or any other amount included in the preparation of the Closing Statement). From and after the Effective Date through the resolution of any adjustment contemplated by this Section 3.2, each of Buyer and Seller shall (i) assist, and shall cause its Affiliates to assist, the other Party, its Affiliates, accountants, advisors and other representatives in its preparation of the Closing Statement and the Estimated Closing Statement and (ii) afford to the other Party, its Affiliates, accountants, advisors and other representatives, reasonable access during normal business hours to the personnel, properties, books and records of the Business to the extent relevant to the preparation of the Closing Statement or any adjustment contemplated by this Section 3.2.

Section 3.3. No Duplication. For the avoidance of doubt, calculations of the items described in this Article III, including, without limitation, the Estimated Closing Statement and the Closing Statement, shall be calculated without duplication.

ARTICLE IV

THE CLOSING

Section 4.1. Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII of this Agreement, the closing of the purchase and sale of the Purchased Assets and assumption of the Assumed Obligations (the "Closing") shall take place at the offices of Baker Botts LLP, 30 Rockefeller Plaza, New York, New York, 10112, at 10:00 a.m., New York City time, on the third Business Day following the date on which the conditions set forth in Article VIII (other than conditions to be satisfied by deliveries at the Closing) have been satisfied or waived, or at such other place or time as the Parties may agree. The date on which the Closing occurs is referred to herein as the "Effective Date." The purchase and sale of the Purchased Assets and assumption of the Assumed Obligations will be effective as of 12:01 a.m. New York City time on the Effective Date (the "Effective Time").

Section 4.2. Closing Payment. At the Closing, Buyer will pay or cause to be paid to Seller the Effective Date Payment, by wire transfer of immediately available funds to one or more accounts provided to Buyer by Seller prior to the Closing.

Section 4.3. Seller's Closing Deliveries. Subject to Section 7.7, at or prior to the Closing, Seller will deliver an executed copy of the following to Buyer:

(a) the certificate contemplated by Section 8.2(c);

(b) the Bill of Sale, duly executed by Seller;

(c) subject to Section 7.7(b), one or more Assignments of Easement and Assignments of Lease with respect to the Leases and Conveyed Easements, duly executed by Seller;

(d) subject to Section 7.7(b), copies of all consents, waivers or approvals obtained by Seller, in form and substance reasonably acceptable to Buyer, from third parties in

connection with this Agreement and the transactions contemplated hereby, as set forth on Schedule 4.3(d), including all the Seller Required Regulatory Approvals;

(e) one or more Deeds in recordable form conveying title to the Owned Real Property to Buyer, duly executed by Seller;

(f) a certificate of non-foreign status duly executed by Seller that satisfies the requirements of Treasury Regulations section 1.1445-2(b)(2);

(g) an assignment of the Assigned IP in a form reasonably acceptable to Buyer, executed by Seller; and

(h) such other agreements, documents, instruments, and writings as are required to be delivered by Seller at or prior to the Effective Date pursuant to this Agreement.

Section 4.4. Buyer's Closing Deliveries. At or prior to the Closing, Buyer will deliver an executed copy of the following to Seller:

(a) the Effective Date Payment;

(b) the certificate contemplated by Section 8.3(c);

(c) the Bill of Sale, duly executed by Buyer;

(d) subject to Section 7.7(b), one or more Assignments of Easement and Assignments of Lease with respect to the Leases and Conveyed Easements, duly executed by Buyer;

(e) subject to Section 7.7(b), copies of all consents, waivers or approvals obtained by Buyer, in form and substance reasonably acceptable to Seller, from third parties in connection with this Agreement and the transactions contemplated hereby, as set forth on Schedule 4.4(e), including the Buyer Required Regulatory Approvals, and as otherwise reasonably requested by Seller;

(f) one or more Deeds in recordable form conveying title to the Owned Real Property to Buyer, duly executed by Buyer;

(g) an assignment of the Assigned IP in a form reasonably acceptable to Seller, executed by Buyer; and

(h) such other agreements, documents, instruments and writings as are required to be delivered by Buyer at or prior to the Effective Date pursuant to this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Seller Disclosure Schedules, Seller hereby represents and warrants to Buyer as follows:

Section 5.1. Organization and Good Standing. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of New Jersey and has all requisite corporate power and authority to own, lease, and operate the Purchased Assets and to carry on the Business as presently conducted. Seller is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of the Business, or the ownership or operation of any Purchased Assets, by Seller makes such qualification necessary, except, in each case, for any such failures that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.2. Authority and Enforceability. Seller has all corporate power and authority, and has taken all required action on its part, necessary to execute and deliver, and to perform its obligations under, and, subject to the satisfaction of the closing conditions, to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements. This Agreement has been duly and validly executed and delivered by Seller, and (assuming the due execution and delivery by Buyer) constitutes a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity. At the Closing, each of the Ancillary Agreements to which Seller is contemplated to be a party will be duly and validly executed and delivered by Seller and will (assuming the due execution and delivery by each other Party thereto) constitute a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 5.3. No Conflicts; Consents. Except as set forth on Schedule 5.3, neither the execution, delivery and performance by Seller of this Agreement or any Ancillary Agreement, nor the consummation of the transactions contemplated hereby or thereby, will:

(a) violate or conflict with any of Seller's Governing Documents in any material respect;

(b) assuming that all of the Buyer Required Regulatory Approvals and Seller Required Regulatory Approvals have been made or obtained, and all conditions therein which are then required to be satisfied have in fact been satisfied, and any waiting periods thereunder have terminated or expired, as the case may be, violate any Law or Order applicable to Seller or any of the Purchased Assets, except, for any such violations that (i) would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used or (ii) arise as a result of any facts or circumstances relating particularly to Buyer or any of its Affiliates;

(c) violate, conflict with, result in a breach of, require any consent or approval of, or (with or without notice or lapse of time or both) constitute a default under or pursuant to any Purchased Business Agreement, except, for any such violations, conflicts, breaches, consents, approvals, defaults or other occurrences that (i) would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used or (ii) arise as a result of any facts or circumstances relating particularly to Buyer or any of its Affiliates; or

(d) other than the Seller Required Regulatory Approvals, require any declaration, filing, or registration by Seller or any of its GAS Affiliates with, or notice by Seller or any of its GAS Affiliates to, or authorization, consent, or approval with respect to Seller or any of its GAS Affiliates of, any Governmental Entity, except for any such declarations, filings, registrations, notices, authorizations, consents, or approvals that (i) would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used or (ii) arise as a result of any facts or circumstances particular to Buyer or any of its Affiliates.

Section 5.4. Financial Information.

(a) Schedule 5.4(a) sets forth the following financial statements (the "Financial Statements") relating to the Business: (A) an unaudited balance sheet of the Business as at December 31, 2016 and December 31, 2015, (B) an unaudited income statement for the fiscal years ended December 31, 2016 and December 31, 2015 and (C) the unaudited balance sheet of the Business as at June 30, 2017 (the "Balance Sheet") and the related statements of results of operations. Each of the Financial Statements have been prepared in accordance with GAAP, subject, in the case of the interim financial statements, to normal and recurring year-end adjustments and the absence of notes, and fairly present, in all material respects, the financial condition and results of operation of the Business as of the dates thereof or for the periods covered thereby.

(b) Except as set forth on Schedule 5.4(a), neither Seller nor any of its Affiliates has any liability, absolute or contingent, related to the Purchased Assets or the Business of any nature, whether or not required by GAAP to be reflected in a balance sheet relating primarily to the Business, other than liabilities, obligations or contingencies (i) that are accrued or reserved against in the Financial Statements or (ii) that were incurred in the ordinary course of business consistent with past practice since June 30, 2017 that are not, individually or in the aggregate, a Material Adverse Effect.

Section 5.5. Absence of Certain Changes. Except as set forth in Schedule 5.5, since June 30, 2017 to the date of this Agreement, the Business has been operated, in all material respects, in the ordinary course of business consistent with past practice of the Business, and no change or event has occurred which, either individually or in the aggregate, has resulted, or with the passage of time, would reasonably be expected to result in a Material Adverse Effect.

Section 5.6. Title. Upon consummation of the transactions contemplated by this Agreement and receipt of all consents and approvals disclosed on Schedule 5.3, Seller will have assigned, transferred and conveyed to Buyer good and marketable title to, or a valid

leasehold interest in, the material tangible Purchased Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), except as would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used.

Section 5.7. Material Contracts.

(a) Schedule 5.7(a) lists all of the following Purchased Business Agreements (the "Material Contracts"):

(i) each agreement, ordinance, or other grant of any municipal, town or county franchise relating to the Business (the "Franchises"), except for such Franchises, the absence of which would not, individually or in the aggregate, have a Material Adverse Effect;

(ii) all agreements between Seller and one or more (A) Business Employees or (B) independent non-Affiliate third party consultants or contractors individually involving expenditures in excess of $100,000 in any one year;

(iii) all leases, subleases, licenses or other agreements (which, for the avoidance of doubt, shall not include Easements) by which any right to use or occupy any interest in real property is granted by or to Seller, except for such leases, subleases, licenses or other agreements, the existence or absence of which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and that do not individually involve expenditures in excess of $100,000 in any one (1) year (excluding sales orders and purchase orders issued in the ordinary course of business);

(iv) all other agreements that individually involve expenditures in excess of $100,000 in any one (1) year;

(v) all agreements providing for the extension of credit by Seller, other than (A) the extension of credit to customers in the ordinary course of business consistent with past practice, and (B) normal employee advances and other customary extensions of credit in the ordinary course that are not material in amount;

(vi) all agreements for, or relating to, indebtedness, or pursuant to which any Encumbrance is granted in or to any of the Purchased Assets;

(vii) all agreements granting to any Person any right or option to purchase or otherwise acquire any of the Purchased Assets, including rights of first option, rights of first refusal, or other preferential purchase rights;

(viii) all agreements that, upon consummation of the transactions contemplated hereby, would limit the ability of Buyer to compete in any line of business or with any Person or in any geographic area or during any period of time; and

(ix) all partnership, joint venture and joint ownership agreements, and all similar material agreements (however named) relating to the Business, Purchased

Assets or Assumed Obligations involving a sharing of assets, profits, losses, costs or liabilities.

(b) To the Knowledge of Seller, each Material Contract is valid and binding in accordance with its terms and is in full force and effect. Seller has made available to Buyer copies of each Material Contract together with all amendments, waivers, or other changes thereto, which are correct and complete in all material respects. Except as set forth on Schedule 5.7(b), neither Seller or, to the Knowledge of Seller, any other party to a Material Contract: (A) is in default under or in breach of any Material Contract in any material respect or (B) has repudiated or is challenging any material provision of any Material Contract.

Section 5.8. Legal Proceedings. Except as set forth on Schedule 5.8, there are no existing or, to Seller's Knowledge, threatened in writing, material Claims relating to the Business, the Purchased Assets, or the Assumed Obligations or the transactions contemplated by this Agreement.

Section 5.9. Compliance with Law; Orders; Permits.

(a) Except as set forth on Schedule 5.9(a), Seller is, and at all times since January 1, 2015 has been, in compliance with all Laws, Orders and Permits applicable to the Purchased Assets or the Business, except for violations which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 5.9(b), Seller possesses all Permits necessary to own and operate the Business and Purchased Assets as currently operated, all of such Permits are in full force and effect, and no appeal or other proceeding is pending or, to Seller's Knowledge, threatened in writing to revoke any such Permits, except where the failure to have such Permit or for such Permit to be in effect would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.10. Real Property.

(a) Schedule 2.2(a)(i) sets forth a true and correct legal description of all Owned Real Property and Leased Real Property.

(b) Seller has on the date of this Agreement (and immediately prior to the Effective Time will have) good and marketable fee simple title to the Owned Real Property and all improvements thereon and good and valid leasehold interests in the Leased Real Property and all improvements thereon (to the extent leased by Seller), free and clear of all Encumbrances except Permitted Encumbrances and except as would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used. Except as otherwise provided in Schedule 2.2(a)(i), none of the Owned Real Property is leased or licensed for use by a third party. On the date of this Agreement Seller is (and immediately prior to the Effective Time, Seller will be) the owner of the material Conveyed Easements. To the Knowledge of Seller, the Conveyed Easements, together with the Owned Real Property, the Leased Real Property and all other Easements appurtenant to the Owned Real Property, constitute materially all interests in real property that are currently required for the operation of the Business. To the Knowledge of Seller, there are no unrecorded

outstanding options, rights of first offer or rights of first refusal to purchase the Owned Real Property, the Conveyed Easements, or any portion thereof or interest therein.

(c) All of the Leases are in full force and effect and (i) Seller is not in default (and has not taken or failed to take any action which with notice, the passage of time, or both, would constitute a default) under the terms of any Lease and, to the Knowledge of Seller, Seller has not received written notice of material default under any Lease which has not been cured within the applicable grace periods and (ii) to the Knowledge of Seller, no landlord is in material default under any Lease.

(d) There is no pending condemnation, eminent domain or similar proceeding affecting the Owned Real Property or the Leased Real Property or any portion thereof, and, to the Seller's Knowledge, Seller has not received any written notice that any such proceeding is contemplated. To the Knowledge of Seller, there is no pending condemnation or similar proceeding affecting any Conveyed Easement (or any portion thereof) and Seller has not received any written notice that any such proceeding is contemplated.

(e) To the Knowledge of Seller, Seller has not received any written notice of existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which would adversely affect the ability of Buyer to operate the Business as currently conducted in any material respect. As of the date hereof, neither the whole nor any material portion of the Real Property has been damaged or destroyed by fire or other casualty.

Section 5.11. Environmental Matters. Except as set forth in Schedule 5.11 and except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) To the Seller's Knowledge, all Environmental Permits that are necessary for the operation of the Business as it is currently being operated have been obtained and are in full force and effect, and to the Seller's Knowledge, the Purchased Assets, the Business, and Seller (with respect to the Purchased Assets and Business) are currently in compliance with the requirements of all Environmental Laws.

(b) Except as set forth on Schedule 5.11(b), neither Seller nor any Affiliate of Seller has, since January 1, 2015, nor to the Seller's Knowledge for any period prior to January 1, 2015, entered into or been subject to any consent decree, agreement, or Order with any Governmental Entity, or received any written notice or report regarding any actual or alleged violation of Environmental Laws or any liabilities or potential liabilities that has not been resolved, including any investigatory, remedial, or corrective obligations, arising under Environmental Laws, in each case relating to the ownership or operation of the Business or the Purchased Assets.

(c) To the Seller's Knowledge, during Seller's ownership, possession or operation of the Real Property, there is and has been no Release from, in, on, or beneath any of the Real Property that could form a basis for an Environmental Claim.

(d) There are no Environmental Claims pending or, to the Seller's Knowledge, threatened that relate to the Purchased Assets or the Business.

Notwithstanding anything else contained herein, the representations and warranties contained in this Section 5.11 are the only representations and warranties being made with respect to compliance with or liability under Environmental Laws, Environmental Permits, Hazardous Materials or with respect to Environmental Claims or any environmental, health or safety matter related to the Business, the Purchased Assets or Seller's ownership or operation thereof.

Section 5.12. Taxes. Except as set forth on Schedule 5.12:

(a) All material Tax Returns required to be filed by Seller or any Affiliate of Seller with respect to the Business or the Purchased Assets have been filed in a timely manner. Each such Tax Return is correct and complete in all material respects. All Taxes shown as due and payable on such Tax Returns have been paid in full.

(b) No material claim, audit, action, suit, proceeding, investigation or other examination with respect to Taxes (each, a "Tax Contest") is pending or, to the Seller's Knowledge, threatened with respect to the Business or Purchased Assets.

(c) Neither Seller nor any Affiliate of Seller has granted any waiver of any statute of limitations regarding, or any extension of any period for the assessment of, any material amount of Tax relating to the Business or the Purchased Assets.

(d) Other than Permitted Encumbrances, there are no liens upon the Business or any of the Purchased Assets with respect to any material amount of Taxes.

(e) Seller has collected all material amounts of Taxes that it has been required by Law to collect from customers and employees of the Business.

(f) Buyer will not, as a result of the transactions contemplated by this Agreement, become a party to or assume liability under any tax sharing, tax allocation, or similar agreement (excluding, for the avoidance of doubt, this Agreement).

(g) Except for the express representations and warranties made by Seller in this Section 5.12 and Section 5.13, Seller makes no representation or warranty, express or implied, with respect to Taxes or Tax matters.

Section 5.13. Employee Benefits.

(a) Schedule 5.13(a) lists each employee benefit plan (as such term is defined in section 3(3) of ERISA) and each other plan, program, policy, contract, agreement or arrangement providing compensation or benefits to any Business Employee that is maintained by, contributed to, sponsored by or required to be contributed to by Seller or any of its ERISA Affiliates as of the date hereof (each, a "Benefit Plan").

(b) With respect to each Benefit Plan, Seller has made available to Buyer copies of each of the following documents: (i) each Benefit Plan (including all amendments thereto); (ii) the most recent summary plan description, together with each summary of material modifications, if required under ERISA, with respect to such Benefit Plan; (iii) the most recent annual report (Form 5500, including schedules and attachments) filed with the United States

Internal Revenue Service or Department of Labor, if required under ERISA; and (iv) the most recent determination letter received from the United States Internal Revenue Service with respect to each Benefit Plan that is intended to be qualified under section 401(a) of the Code.

(c) Each Benefit Plan that is intended to be qualified under section 401(a) of the Code has received, from the Internal Revenue Service, a favorable determination letter (or in the case of a master or prototype plan, a favorable opinion letter or in the case of a volume submitter plan, a favorable advisory letter) as to its qualification under Section 401(a) of the Code, and nothing has occurred that would be reasonably expected to adversely affect the qualified or exempt status of such Benefit Plan or trust, nor will the consummation of the transactions provided for by this Agreement have any such effect.

(d) Each Benefit Plan is being, and has been, operated and administered in all material respects in accordance with ERISA, the Code and all other applicable Laws and regulations thereunder and in accordance with its terms, except to the extent a failure to so operate or administer a Benefit Plan would not result in Buyer or any of its Affiliates having any liability.

Section 5.14. Employment Matters.

(a) As of the Effective Date, all compensation, including wages, commissions and bonuses payable to employees, independent contractors or consultants of the Business for services performed on or prior to the Effective Date will have been paid in full or will be paid in full when due.

(b) Seller has complied with the WARN Act, to the extent applicable, except to the extent such failure to comply would not result in Buyer or any of its Affiliates having any liability.

Section 5.15. No Undisclosed Liabilities. Seller does not have any liabilities or obligations with respect to the Business that would be required to be reflected on a balance sheet prepared in accordance with GAAP consistently applied, except those (a) which are adequately reflected or reserved against in the Financial Statements (or disclosed in any notes thereto), (b) which have been incurred in the ordinary course of business consistent with past practice since June 30, 2017, (c) that have not been and would not reasonably be expected to be, individually or in the aggregate, material to the Business and (d) consisting of future performance or payment obligations (other than relating to a breach or default) under the Purchased Business Agreements.

Section 5.16. Brokers and Finders. No broker, finder, or other Person is entitled to any brokerage fees, commissions, or finder's fees for which Buyer or the Business could become liable or obligated in connection with the transactions contemplated hereby by reason of any action taken by Seller or any of its Affiliates.

Section 5.17. Exclusivity of Representations and Warranties. None of Seller, any of its Affiliates or any of Seller's Representatives is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied (including, but not limited to, any relating to (a) projections, estimates or budgets delivered or made available to Buyer (or any of its Affiliates, officers, directors, employees or representatives) of the results of operations

(or any component thereof), cash flows or financial condition (or any component thereof), of the Business; (b) future business, operations, revenues or profits of the Business; and (c) maintenance, repair, condition, design, performance, value, merchantability or fitness for any particular purpose of the Purchased Assets), except for those representations and warranties expressly set forth in this Article V (as qualified by the Seller Disclosure Schedules), and Seller hereby disclaims any such other representations or warranties. Subject to the terms of this Agreement and the representations and warranties of Seller contained in this Article V, the Purchased Assets, the Business and the Assumed Obligations are being acquired and assumed by Buyer on an "as is, where is" basis and in their present condition, and Buyer shall rely solely upon its own examination thereof and the representations and warranties set forth in this Article V. None of Seller, any of its Affiliates or any of Seller's Representatives shall have any liability or responsibility based upon any information provided or made available or statements made or omissions therefrom to Buyer, its Affiliates or their respective Representatives, except as and only to the extent expressly set forth in this Agreement (as qualified by the Seller Disclosure Schedules).

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller:

Section 6.1. Organization and Good Standing. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of New Jersey and has all requisite corporate power and authority to own its assets and to carry on its business as presently conducted. As of the Closing, Buyer will be duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of the Business, or the ownership or operation of any of the Purchased Assets, by Buyer makes such qualification necessary, except, in each case, for any such failures that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis.

Section 6.2. Authority and Enforceability. Buyer has all corporate power and authority, and has taken all required corporate action on its part, necessary to execute and deliver, and to perform its obligations under, and, subject to the satisfaction of the closing conditions, to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements. This Agreement has been duly and validly executed and delivered by Buyer, and (assuming the due execution and delivery by Seller) constitutes a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity. At the Closing, the Ancillary Agreements to which Buyer is contemplated to be a party will be duly and validly executed and delivered by Buyer and will (assuming the due execution and delivery by each other Party thereto) constitute a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable

bankruptcy, insolvency, moratorium, or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 6.3. No Conflicts; Consents. Neither the execution, delivery and performance by Buyer of this Agreement or any Ancillary Agreement, nor the consummation of the transactions contemplated hereby or thereby, will:

(a) (i) violate or conflict with any of Buyer's Governing Documents; (ii) assuming that all of the Buyer Required Regulatory Approvals and Seller Required Regulatory Approvals have been made or obtained, and all conditions therein which are then required to be satisfied have in fact been satisfied, and any waiting periods thereunder have terminated or expired, as the case may be, violate any Law or Order applicable to Buyer, or (iii) violate, conflict with, result in a breach of, require any consent or approval of, or (with or without notice or lapse of time or both) constitute a default under or pursuant to, any contract to which Buyer is a party, except, in the case of clauses (ii) and (iii), for any such violations, conflicts, breaches, consents, approvals, defaults or other occurrences (A) that would not reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis or (B) that arise as a result of any facts or circumstances relating to Seller or its Affiliates; or

(b) other than the Buyer Required Regulatory Approvals, require any declaration, filing, or registration by Buyer or any of its Affiliates with, or notice by Buyer or any of its Affiliates to, or authorization, consent, or approval with respect to Buyer or any of its Affiliates of, any Governmental Entity, except for any such declarations, filings, registrations, notices, authorizations, consents, or approvals (i) the failure of which to obtain or make would not reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis or (ii) that arise as a result of any facts or circumstances relating to Seller or its Affiliates unrelated to the Business, the Purchased Assets or the Assumed Obligations.

Section 6.4. Financial Capability. Buyer (a) has or will have at the Closing sufficient funds available to pay the Purchase Price and any fees, costs and expenses incurred by Buyer in connection with the transactions contemplated by this Agreement and the Ancillary Agreements, (b) has, or at the Closing will have, the resources and capabilities (financial or otherwise) to perform its other obligations hereunder and under each Ancillary Agreement; and (c) has not incurred, and prior to the Closing will not incur, any obligation, commitment, restriction, or liability of any kind, which would impair or adversely affect such resources and capabilities. Notwithstanding anything to the contrary contained herein, the Parties acknowledge and agree that it shall not be a condition to the obligations of Buyer to consummate the transactions contemplated hereby that Buyer have sufficient funds for payment of the Purchase Price.

Section 6.5. Brokers and Finders. No broker, finder, or other Person is entitled to any brokerage fees, commissions, or finder's fees for which Seller or its Affiliate could become liable or obligated in connection with the transactions contemplated hereby by reason of any action taken by Buyer or any of its Affiliates.

Section 6.6. Legal Proceedings. There are no pending or, to Buyer's knowledge, threatened, Claims that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the ability of Buyer to perform its obligations under this Agreement or any Ancillary Agreement or consummate the transactions contemplated hereby or thereby on a timely basis.

Section 6.7. Investigation by Buyer. Buyer has undertaken an independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Business and has performed all due diligence that it has deemed necessary to perform concerning the Business, the Purchased Assets, and the Assumed Obligations in connection with its decision to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby and acknowledges that Buyer and Buyer's Representatives have been provided access to the personnel, properties, premises and records of Seller for such purpose. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis, and Buyer:

(a) acknowledges that none of Seller or any of its Affiliates or any of Seller's Representatives makes or has made any representation or warranty, of any kind or nature whatsoever, oral or written, express or implied (including, but not limited to, any relating to (a) projections, estimates or budgets delivered or made available to Buyer (or any of its Affiliates, officers, directors, employees or representatives) of, except as set forth in Section 5.4, the future results of operations (or any component thereof), cash flows or financial condition (or any component thereof), of the Business; (b) future business, operations, revenues or profits of the Business; (c) maintenance, repair, condition, design, performance, value, merchantability or fitness for any particular purpose of the Purchased Assets; or (d) as to the accuracy or completeness of any of the information provided or made available to Buyer or Buyer's Representatives), except for those representations and warranties expressly set forth in Article V of this Agreement (as qualified by the Seller Disclosure Schedules), and Seller hereby disclaims any such other representations or warranties;

(b) agrees, to the fullest extent permitted by applicable Law, that none of Seller or any of its Affiliates or any of Seller's Representatives shall have any liability or responsibility whatsoever to Buyer on any basis based upon any information provided or made available, or statements made, to Buyer or Buyer's Representatives (including any forecasts or projected information), except that the foregoing limitations shall not apply with respect to Seller to the extent Seller has liability for indemnification pursuant to Article IX for the breach of the specific representations and warranties set forth in Article V of this Agreement (as qualified by the Seller Disclosure Schedules), but always subject to the limitations and restrictions contained herein;

(c) acknowledges that, except as expressly set forth in this Agreement, there are no representations or warranties of any kind, express or implied, with respect to the Business, the Purchased Assets or the Assumed Obligations; and

(d) none of Seller, its Affiliates or Seller's Representatives shall have any liability or responsibility based upon any information provided or made available or statements made or omissions therefrom to Buyer, its Affiliates or their respective Representatives, except

as and only to the extent expressly set forth in Article V of this Agreement (as qualified by the Seller Disclosure Schedules).

ARTICLE VII

COVENANTS OF THE PARTIES

Section 7.1. Conduct of the Business.

Except (a) as expressly contemplated in this Agreement or required by applicable Law or Order; (b) for actions approved by Buyer in writing (which approval shall not be unreasonably withheld, conditioned or delayed); (c) in connection with necessary repairs due to breakdown or casualty, or other actions taken in response to a business emergency or other unforeseen operational matters; or (d) as otherwise described in Schedule 7.1 or set forth in the 2017 and 2018 budget with respect to the Business attached hereto as Schedule 7.1(d) (the "2017/2018 Budget"), during the period from the date of this Agreement to the Effective Time, Seller will, and will cause its Affiliates to, (1) operate the Business in the ordinary course consistent with past practice, (2) use commercially reasonable efforts to preserve intact the Business, and to preserve the goodwill and relationships with customers, suppliers, and others having business dealings with the Business and (3) not, without the prior written consent of Buyer:

(i) sell, lease (as lessor), transfer, or otherwise dispose of any of the Purchased Assets, other than (A) the use or sale of inventory in the ordinary course of business, or (B) the disposal of Purchased Assets having an aggregate value of less than $100,000 or that are no longer useful in the business;

(ii) make any material change in the levels of Inventory customarily maintained by Seller with respect to the Business;

(iii) assign, relinquish any material rights under, or amend in any material respect any of the Material Contracts;

(iv) increase the base pay or aggregate benefits provided to any Business Employees, except for increases in base pay and aggregate benefits in the ordinary course of business and consistent with past practice;

(v) fail to make capital expenditures in connection with the Business equal to or greater than 85% of the amounts specified in the 2017/2018 Budget during the time periods specified in the 2017/2018 Budget;

(vi) incur, assume or guarantee, modify or amend any indebtedness for borrowed money in connection with the Business, except for (A) unsecured current obligations in the ordinary course of business, (B) liabilities (including participation in the utility money pool) incurred in the ordinary course of business consistent with past practice, and (C) any action with respect to any indebtedness that will not be transferred to Buyer;

(vii) sell products or services to customers on any basis other than the tariff on file with the PSC or contracts approved by the PSC other than products or services not related to the Business or the Purchased Assets; or

(viii) agree or commit to take any action which would be a violation of the restrictions set forth in this Section 7.1.

Section 7.2. Access.

(a) To the extent permitted by applicable Law, between the date of this Agreement and the Effective Date, Seller will, during ordinary business hours and upon reasonable notice: (i) give Buyer and Buyer's Representatives reasonable access to the Purchased Assets; and (ii) permit Buyer and Buyer's Representatives to make such reasonable inspections thereof as Buyer may reasonably request; provided, however, that (i) any such inspection will be conducted in such a manner as not to materially interfere with the operation of the Business or any other Person; (ii) Seller shall not be required to take any action which would constitute or result in a waiver of the attorney-client privilege or violate any of its contracts or agreements; and (iii) Seller shall not be required to supply Buyer with any information which Seller is under a legal obligation not to supply. Buyer shall indemnify and hold harmless Seller from and against any Losses incurred by Seller, its Affiliates or their Representatives by any action of Buyer or Buyer's representatives while present on any of the Purchased Assets or other premises to which Buyer is granted access hereunder (including restoring any such premises to the condition substantially equivalent to the condition such premises were in prior to any such investigation). Notwithstanding anything in this Section 7.2 to the contrary, (i) Buyer will not have access to personnel records if such access could, in Seller's good faith judgment, subject Seller to risk of liability or otherwise violate applicable Law, including the Health Insurance Portability and Accountability Act of 1996 and (ii) any inspection relating to environmental matters by or on behalf of Buyer will be strictly limited to visual inspections and site visits commonly included in the scope of "Phase 1" level environmental inspections, and Buyer shall not have any right to perform or conduct any other investigation or inspection, including sampling or testing at, in, on, around or underneath any of the Purchased Assets.

(b) For a period of seven (7) years after the Effective Date, each Party and its representatives will have reasonable access to all of the books and records relating to the Business or the Purchased Assets in the possession of the other Party, and to the employees of the other Party, to the extent that such access may reasonably be required by such Party in connection with the Assumed Obligations or the Excluded Liabilities, or other matters relating to or affected by the operation of the Business and the Purchased Assets. Such access will be afforded by the applicable Party upon receipt of reasonable advance notice and during normal business hours, and will be conducted in such a manner as not to interfere with the operation of the business of any Party or its respective Affiliates. The Party exercising the right of access hereunder will be solely responsible for any costs or expenses incurred by either Party in connection therewith. Each Party shall retain such books and records for a period of seven (7) years from the Effective Date.

Section 7.3. Confidentiality by Buyer to Seller.

(a) For a period of two (2) years following the Closing or the termination of this Agreement, Buyer will, and will cause its Affiliates and Buyer's Representatives to, hold all Confidential Information in strict confidence and not disclose any Confidential Information to any Person other than its Affiliates and Buyer's Representatives; provided, however, that upon the Closing, the provisions of this Section 7.3 will expire with respect to any information to the extent primarily related to the Purchased Assets or the Business ("Business Confidential Information"). "Confidential Information" means all information in any form heretofore or hereafter obtained from Seller or any of Seller's Representatives or Affiliates in connection with Buyer's evaluation of the Business, the Assumed Obligations or the Purchased Assets or the negotiation of this Agreement or any Ancillary Agreement, whether pertaining to financial condition, results of operations, methods of operation or otherwise, other than information which is in the public domain through no violation of this Agreement or the Confidentiality Agreement by Buyer, its Affiliates, or Buyer's Representatives.

(b) Notwithstanding the foregoing, Buyer may disclose Confidential Information to the extent that such information is required to be disclosed by Buyer by Law or in connection with any proceeding by or before a Governmental Entity, including any disclosure, financial or otherwise, required to comply with the rules of any securities commission or exchange. In the event that Buyer believes any such disclosure is required, Buyer will give Seller notice thereof as promptly as possible and, at Seller's expense, will cooperate with Seller in seeking any protective orders or other relief as Seller may reasonably request.

(c) If the transactions contemplated hereby are not consummated, Buyer will promptly return to Seller or destroy all copies of any Confidential Information in accordance with the terms of, and as required by, the Confidentiality Agreement.

(d) If the transactions contemplated hereby are consummated, to the extent Confidential Information is Business Confidential Information, and only to such extent, the Confidentiality Agreement is hereby expressly superseded by this Section 7.3.

Section 7.4. Confidentiality by Seller to Buyer. For a period of two (2) years following the Closing, Seller shall, and shall use its commercially reasonable efforts to cause its Affiliates and Representatives and the Representatives of its respective Affiliates to hold, in confidence any and all Business Confidential Information, except to the extent that such information: (a) is or becomes generally available to the public other than as a result of a disclosure by Seller in violation of the terms of this Section 7.4; (b) was lawfully acquired by Seller, any of its Affiliates or their respective Representatives from and after the Closing from sources not known to be prohibited from disclosing such information to such Person by an obligation of confidentiality to Buyer or (c) is developed independently by Seller, any of its Affiliates or any of their respective Representatives without the use of Business Confidential Information. Notwithstanding the foregoing, Seller may disclose Confidential Information to the extent that such information is required to be disclosed by Seller by Law or in connection with any proceeding by or before a Governmental Entity, including any disclosure, financial or otherwise, required to comply with the rules of any securities commission or exchange. In the event that Seller believes any such disclosure is required, Seller will give Buyer notice thereof as

promptly as possible and, at Buyer's expense, will cooperate with Buyer in seeking any protective orders or other relief as Buyer may reasonably request.

Section 7.5. Transition Services. For a period not to exceed twelve (12) months following the Closing, Seller shall, or shall cause its Affiliates to, provide to Buyer and its Affiliates such of the services currently provided by Seller or its Affiliates to the Business as Buyer may request, which services are to be provided in substantially the same manner and at the same level as such services are presently provided by Seller or its Affiliates, and Buyer and its Affiliates shall reimburse Seller and its Affiliates for such services at the fully-loaded costs as specified on Schedule 7.5.

Section 7.6. Expenses. Except for Transfer Taxes as provided in Section 7.9(h) below, Buyer shall bear sole responsibility for payment of all filing, recording, transfer, or other fees or charges of any nature in connection any Required Regulatory Approvals or otherwise payable pursuant to any provision of any Law, Order or Franchise in connection with the sale, transfer, and assignment by Seller of the Purchased Assets and the Assumed Obligations to Buyer. Except as provided in the foregoing or to the extent otherwise specifically provided herein, and irrespective of whether the transactions contemplated hereby are consummated, all other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be borne by the Party incurring such costs and expenses.

Section 7.7. Further Assurances; Wrong Pockets.

(a) Subject to the terms and conditions of this Agreement, including Section 7.8, each of the Parties will use reasonable best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Law to consummate and make effective the transactions contemplated hereby, including using reasonable best efforts to obtain satisfaction of the conditions precedent to each Party's obligations hereunder.

(b) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, this Agreement and the Ancillary Agreements shall not constitute an agreement to transfer or assign any contract, agreement, permit, claim or right or any benefit or obligation arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party, would constitute a breach or other contravention under any agreement or Law to which Seller or any of its Affiliates is a party or by which it is bound, or in any way adversely affect the rights of Seller or any of its Affiliates or, upon transfer, Buyer under such contract, agreement, permit, claim or right. Seller will use its commercially reasonable efforts to obtain, promptly following the date hereof, any and all consents of third parties required to assign to Buyer Seller's rights under the Purchased Business Agreements. Buyer agrees to take reasonable actions to cooperate with Seller in Seller's efforts to obtain any consents of third parties required to assign to Buyer Seller's rights under the Purchased Business Agreements, including the submission of reasonable, financial or other information concerning Buyer and the execution of any assumption agreements or similar documents reasonably requested by a third party provided that such agreements or documents are consistent with the terms hereof. To the extent that, notwithstanding its commercially reasonable efforts, Seller is unable to obtain any such required consent prior to the Closing, and as a result thereof Buyer shall be prevented by such third party

from receiving the rights and benefits with respect to such Purchased Asset intended to be transferred hereunder, or if any attempted assignment would adversely affect the rights of Seller thereunder so that Buyer would not in fact receive all such rights or Seller would forfeit or otherwise lose the benefit of rights that Seller is entitled to retain, Seller and Buyer shall cooperate to resolve the matter in accordance with Section 2.6. Without in any way limiting the conditions to the Closing set forth in Article VIII, Buyer agrees that other than liability arising from a failure to comply with this Section 7.7 and Section 7.8 or a breach of Seller's representations and warranties set forth in Article V hereof, Seller shall not have any liability to Buyer arising out of the failure to obtain any such consent that may be required in connection with the transactions contemplated by this Agreement or the Ancillary Agreements or because of any circumstances resulting therefrom.

(c) Seller shall, and shall cause its Affiliates to, execute and deliver such further instruments of conveyance and transfer and take such additional action as Buyer may reasonably request to effect, consummate, confirm or evidence the sale and transfer to Buyer of the Purchased Assets and the other transactions contemplated by this Agreement. Buyer shall, and shall cause its Affiliates to, execute and deliver such further instruments of assumption and take such additional action as Seller may reasonably request to effect, consummate, confirm or evidence the transactions contemplated hereby.

(d) Without limiting the generality of the foregoing, if at any time following the Closing it becomes apparent that any Purchased Asset (including any contract) that should have been transferred to Buyer pursuant to this Agreement was not so transferred, or any Excluded Asset was inadvertently transferred to Buyer, Seller shall, and shall cause its applicable Affiliates to, or Buyer shall, and shall cause its Affiliates to, as applicable, in each case as promptly as practicable, (i) transfer all rights, title and interest in (A) such Purchased Asset to Buyer or as Buyer may direct, or (B) such Excluded Asset to Seller or as Seller may direct, as applicable, in each case for no additional consideration; and (ii) hold its right, title and interest in and to such Purchased Asset or Excluded Asset, as applicable, in trust for the applicable transferee until such time as such transfer is completed.

Section 7.8. Governmental Approvals.

(a) As soon as reasonably practicable following the date hereof, Seller and Buyer will each file or cause to be filed with the PSC and the NJBPU, joint applications for approval of the transactions contemplated hereby. Seller and Buyer will, and will cause their respective Affiliates to, cooperate with each other and use reasonable best efforts to (i) promptly prepare and file all necessary applications, notices, petitions, and filings and execute all agreements and documents, to the extent required by Law or Order for consummation of the transactions contemplated by this Agreement (including the Required Regulatory Approvals and compliance with ISRA), (ii) obtain the transfer to Buyer of all Transferable Permits and the reissuance to Buyer of all Permits that are not Transferable Permits, and (iii) obtain the consents, approvals, and authorizations of all Governmental Entities to the extent required by Law or Order for consummation of the transactions contemplated by this Agreement (including the Required Regulatory Approvals). Each Party will, and will cause its Affiliates to, consult and cooperate with the other Party as to the appropriate time of all such filings and notifications, furnish to the other Party such necessary information and reasonable assistance in connection

with the preparation of such filings, and respond promptly to any requests for additional information made in connection therewith by any Governmental Entity. To the extent permitted under applicable Law, Seller and Buyer each will have the right to review in advance all characterizations of the information relating to it or to the transactions contemplated by this Agreement which appear in any filing made by the other Party or any of its Affiliates in connection with the transactions contemplated hereby. In addition to the foregoing, each Party agrees that prior to the Closing, other than in the ordinary course of business, (x) it will not include in any such applications, notices, petitions or filings to or with the PSC or the NJBPU, any requests or proposals that any business subject to the PSC's or the NJBPU's jurisdiction receive more favorable treatment (whether through increased rates, more favorable terms of service, or otherwise, to such Party or any of its Affiliates) than is currently applicable and (y) it will not separately file or make any applications, notices, petitions or filings to or with the PSC or the NJBPU that are in any way inconsistent with obtaining the Required Regulatory Approvals or the consummation of the transactions contemplated by this Agreement.

(b) To the fullest extent practicable and permitted by Law, in connection with any communications, meetings, or other contacts, oral or written, with any Governmental Entity in connection with the transactions contemplated hereby, each Party shall (and will cause its Affiliates to): (i) inform the other Party in advance of any such communication, meeting, or other contact which such Party or any of its Affiliates proposes or intends to make, including the subject matter, contents, intended agenda, and other aspects of any of the foregoing; (ii) consult and cooperate with the other Party, and to take into account the comments of the other Party in connection with any of the matters covered by Section 7.8(a); (iii) permit representatives of the other Party to participate to the maximum extent possible in any such communications, meetings, or other contacts; (iv) notify the other Party of any oral communications with any Governmental Entity relating to any of the foregoing; and (v) provide the other Party with copies of all written communications with any Governmental Entity relating to any of the foregoing. Nothing in this Section 7.8(b) will apply to or restrict communications or other actions by a Party with or with respect to any Governmental Entity in connection with its business in the ordinary course of business.

(c) Without limiting the foregoing, Buyer shall not, and shall cause its Affiliates not to, take any action, including (i) acquiring any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, or other business combination, asset, stock or equity purchase, or otherwise), (ii) making any filing or transfer or (iii) taking any other action, that in each case could reasonably be expected to materially increase the risk of not obtaining any consent contemplated by this Section 7.8. In furtherance of and without limiting any of Buyer's covenants and agreements under this Section 7.8, Buyer shall, and shall cause each Affiliate to, take, or cause to be taken, any and all steps and to make, or cause to be made, any and all undertakings necessary to avoid or eliminate each and every impediment asserted by any Governmental Entity in connection with obtaining the Required Regulatory Approvals, so as to enable the Closing to occur as promptly as practicable, including (i) agreeing to conditions imposed by, or taking any action required by, any Governmental Entity, (ii) defending through litigation on the merits, including appeals, any Claim asserted by any court or other proceeding by any Person, including any Governmental Entity, that seeks to or could prevent or prohibit or impede, interfere with or delay the consummation of the Closing; (iii) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale,

divestiture, licensing or disposition of any assets or business of Buyer or its Affiliates or the Purchased Assets, including entering into customary ancillary agreements relating to any such sale, divestiture, licensing or disposition; (iv) agreeing to any limitation on the conduct of Buyer or its Affiliates, including after the Closing with respect to the Purchased Assets; and (v) agreeing to take any other action as may be required by a Governmental Entity in order to effect each of the following: (1) obtaining all Required Regulatory Approvals as soon as reasonably possible and in any event before the Termination Date, (2) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned any Order, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or impedes, interferes with or delays, the Closing and (3) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the Closing or impeding, interfering with or delaying the Closing, in each case as may be required in order to obtain the Required Regulatory Approvals or to avoid the entry of, or to effect the lifting or dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing or delaying the Closing. Notwithstanding the foregoing or anything in this Agreement to the contrary, Buyer shall not be required to, and Seller shall not, in connection with obtaining the Required Regulatory Approvals, consent to or take any action with respect to the Purchased Assets, in each case, that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the Business taken as a whole. For the avoidance of doubt, none of the exclusions set forth in the definition of "Material Adverse Effect" shall be deemed to apply to any reference to "material adverse effect" in this Section 7.8(c).

(d) Notwithstanding the foregoing or anything in this Agreement to the contrary, Seller shall not be required to, and Buyer shall not, in connection with obtaining the Required Regulatory Approvals, consent to (x) the taking of any action or the imposition of any terms, conditions, limitations or standards of service the effectiveness or consummation of which is not conditional upon the occurrence of the Closing or (y) the imposition of any terms, conditions or limitations on or with respect to Seller, any of its Affiliates, any of their respective businesses or any of the benefits to Seller and its Affiliates of the transactions.

Section 7.9. Tax Matters.

(a) Allocation of Purchase Price. The sum of the Purchase Price and the Assumed Obligations (plus any other liabilities treated as assumed for U.S. federal income tax purposes) will be allocated among the Purchased Assets in accordance with the principles of section 1060 of the Code and the regulations thereunder (and any corresponding provision of state, local or foreign Tax Law, as appropriate) pursuant to an allocation schedule (each an "Allocation Schedule") to be prepared by Buyer. Buyer shall deliver to Seller an initial Allocation Schedule within one hundred twenty (120) days of the Effective Date. If any indemnification payment is made pursuant to Article IX or any other adjustment to the Purchase Price occurs, Buyer shall promptly revise any affected Allocation Schedules to take into account such payment or adjustment in a manner consistent with the principles of section 1060 of the Code and the regulations thereunder (and any corresponding provision of state, local or foreign Tax Law, as appropriate). Buyer shall provide the Allocation Schedule (and any revision to the Allocation Schedule necessitated by an adjustment of the Purchase Price) to Seller for Seller's review and comment. Seller shall provide any comments to Buyer within forty-five (45) days of

receiving the Allocation Schedule (or any revision to the Allocation Schedule). Buyer shall consider Seller's comments in good faith. If Buyer objects to Seller's comments, Buyer and Seller shall use commercially reasonable efforts to settle the dispute with respect to such comments promptly. If Buyer and Seller have not resolved such dispute within thirty (30) days of Buyer's receipt of Seller's comments, Buyer and Seller shall jointly retain a nationally recognized tax expert (a "Tax Dispute Referee") to resolve disputed items. The findings of the Tax Dispute Referee shall be final and binding on the Parties. Upon final resolution of disputed items, the Allocation Schedule shall be adjusted to reflect such resolution. The costs, fees and expenses of the Tax Dispute Referee incurred in connection with a dispute relating to the Allocation Schedule shall be borne equally by Seller and Buyer. Buyer and Seller hereby covenant and agree to (i) be bound by the Allocation Schedules for all income Tax purposes, (ii) prepare and file all Tax Returns on a basis consistent with each such Allocation Schedule and (iii) not take any position on any Tax Return, before any Governmental Entity charged with the collection of any Tax, or in any judicial proceeding that is in any way inconsistent with the terms of any such Allocation Schedule unless required to do so by applicable Law. Each Party will provide the other promptly with any other information required to complete Form 8594 under the Code.

(b) Responsibility for Taxes. Seller shall bear sole responsibility for the payment of, and shall indemnify Buyer and its Affiliates from, (i) all Pre-Closing Taxes and (ii) Seller's share of any Transfer Taxes under Section 7.9(h). Buyer shall bear sole responsibility for the payment of, and shall indemnify Seller and its Affiliates from, (i) all Post-Closing Taxes and (ii) Buyer's share of any Transfer Taxes under Section 7.9(h). Notwithstanding anything to the contrary in this Agreement, except for Section 9.3(d), Section 9.3(e), Section 9.4(b)(ii) and Section 9.6, the provisions of Article IX shall not apply to this Section 7.9.

(c) Proration of Straddle Tax Period Taxes. In the case of any Taxes (other than Transfer Taxes) that are payable for a Straddle Tax Period, the portion of such Taxes that are Pre-Closing Taxes shall (i) in the case of any real and personal property Taxes, be deemed to be the amount of such Tax for the entire Taxable Period multiplied by a fraction the numerator of which is the amount of time from the beginning of the relevant Taxable Period to the Effective Time and the denominator of which is the amount of time in the entire Taxable Period and (ii) in the case of all other Taxes, be equal to the portion of such Tax that would have been payable if the relevant Taxable Period ended at the Effective Time. All determinations necessary to give effect to the allocation set forth in the foregoing clause (ii) shall be made in a manner consistent with prior practice of Seller, except as otherwise required by applicable Law. For the avoidance of doubt, regardless of the type of Taxes being allocated, any item attributable to any action taken by Buyer during a Straddle Tax Period after the Effective Time that is not in the ordinary course of business will not be attributable to a Pre-Closing Tax Period and any Taxes resulting from such actions shall be borne solely by Buyer.

(d) Preparation and Filing of Tax Returns. Buyer shall timely prepare and file, or cause to be prepared and filed, all Tax Returns with respect to the Business or the Purchased Assets for any Straddle Tax Period. All such Tax Returns shall be prepared and filed in accordance with past practices and the requirements of this Agreement except to the extent required by Law. Buyer shall provide any such Tax Return to Seller for Seller's review and comment at least forty-five (45) days prior to the due date for filing such Tax Return. Buyer

shall consider Seller's comments in good faith. If Buyer objects to Seller's comments, Seller and Buyer shall use commercially reasonable efforts to settle the dispute with respect to such comments promptly. If Buyer and Seller have not resolved such dispute at least twenty (20) days prior to the due date for filing such Tax Return, Seller and Buyer shall jointly retain a Tax Dispute Referee to resolve disputed items. The findings of the Tax Dispute Referee shall be final and binding on the Parties. Upon final resolution of disputed items, the Tax Return shall be adjusted to reflect such resolution. Buyer shall timely pay in the manner required by applicable Law to the relevant tax authority all Taxes that are shown as due on such Tax Returns. Seller shall pay to Buyer an amount equal to any Pre-Closing Taxes shown as due on any Tax Return for a Straddle Tax Period no later than five (5) days before any such Tax is due unless there is a dispute that has not been resolved by such date, in which case Seller shall pay Buyer the amount of such disputed Tax within five (5) days of the resolution of such disputed Tax. The costs, fees and expenses of the Tax Dispute Referee incurred in connection with a dispute relating to a Tax Return shall be borne equally by Seller and Buyer.

(e) Tax Contests. Buyer and Seller agree to cooperate with each other to the extent reasonably required after the Effective Date in connection with any Tax Contests relating to any Pre-Closing Tax Period or Straddle Tax Period. Promptly (but no more than twenty (20) days) after Buyer (or any of its Affiliates) or Seller (or any of its Affiliates) receives notice of any such Tax Contest, the party receiving the notice shall notify the other party in writing of the Tax Contest; provided, however, that failure to provide such notice shall not relieve any Party of its obligations pursuant to this Section 7.9 except to the extent such failure materially prejudices such Party. Seller shall control all Tax Contests relating exclusively to Pre-Closing Tax Periods. Additionally, if Seller's Tax liability could be affected by a Tax Contest relating to a Straddle Tax Period or if Seller could have an indemnification obligation under this Agreement with respect thereto, Seller shall have the right to conduct and control the defense of such Tax Contest at its expense, and Buyer shall provide Seller with all necessary powers of attorney and other documents and assistance reasonably requested by Seller to allow Seller to effectively conduct and control such defense. Seller shall not be responsible for any Taxes to the extent attributable to any action taken by Buyer with respect to any Tax Contest without Seller's written consent (not to be unreasonably withheld). This Section 7.9(e), rather than Section 9.3, shall govern control of all Third Party Claims that relate to Taxes.

(f) Cooperation. Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Business and the Purchased Assets (including access to books and records) as is reasonably necessary for the preparation and filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any tax authority, and the prosecution or defense of any claim, suit or proceeding relating to any Tax; provided, however, that neither Buyer nor Seller shall be required to furnish or cause to be furnished any Tax Returns or provide access to any books or records to the extent not related to the Business or the Purchased Assets. Buyer and Seller shall retain all books and records with respect to Taxes pertaining to the Business and the Purchased Assets for a period of at least seven (7) years following the Effective Date. Seller and Buyer shall cooperate with each other in the conduct of any audit or other proceeding relating to Taxes involving the Business or the Purchased Assets.

(g) Tax Refunds. Any refund or credit received by Buyer or any Affiliate of Buyer with respect to Pre-Closing Taxes, whether such refund is received as a payment or as a credit, abatement or similar offset against future Taxes payable, shall be for the account of Seller. Buyer shall pay to Seller the amount of any such refund or credit within five (5) days after receipt.

(h) Transfer Taxes. All Transfer Taxes incurred in connection with this Agreement, the Ancillary Agreements and any transactions contemplated by such agreements shall be borne and paid, or caused to be paid, by Buyer and Seller equally. Buyer and Seller shall cooperate to minimize the incurrence of any such Transfer Taxes. Buyer and Seller shall cooperate in timely making and filing all Tax Returns as may be required to comply with the provisions of laws relating to such Transfer Taxes. To the extent permitted by applicable Law, Buyer will file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by applicable Law, Seller will join in the execution of any such Tax Returns and related documentation. To the extent any Tax Return with respect to Transfer Taxes is required by applicable Law to be filed by Seller and Buyer provides Seller with reasonable notice of such requirement, Seller will file such Tax Return and other documentation and pay any amount of Tax shown as due on such Tax Return, and Buyer shall pay to Seller one-half of the amount of Tax shown as due for any such Tax Return no later than five (5) days before any such Tax is due and, if required by applicable Law, shall join in the execution of any such Tax Returns and related documentation. Buyer and Seller shall cooperate in providing each other with any appropriate resale exemption certifications and other similar documentation.

(i) Seller Consolidated Tax Returns. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement or any of the Ancillary Agreements, Seller shall have the exclusive right to control all matters, including all Tax Contests, relating to any consolidated, combined or unitary group of corporations that includes Seller or any Affiliate of Seller, and Seller shall not be required to provide copies of any Tax Returns with respect thereto to Buyer or any of its Affiliates.

(j) Post-Closing Covenants. Except as permitted by Section 7.9(d) or Section 7.9(e), or otherwise with the prior written consent of Seller, Buyer shall not, and shall cause its Affiliates not to, (a) amend, refile, revoke or otherwise modify any Tax Return or Tax election with respect to a Pre-Closing Tax Period, (b) make any Tax election or change any accounting period or method with retroactive effect to any such Pre-Closing Tax Period, (c) take any action to extend the applicable statute of limitations with respect to any Tax Return for a Pre-Closing Tax Period, (d) surrender any right to claim a refund of any Pre-Closing Taxes, or (e) take any similar action relating to Pre-Closing Taxes or Tax Returns for any Pre-Closing Tax Periods.

Section 7.10. Employees.

(a) Schedule 7.10(a) sets forth a list of the Business Employees together with each such Business Employee's date of hire, years of service, and base pay in effect as of the date hereof. In the event that any Business Employee ceases to be employed by Seller or its Affiliates prior to the Effective Time, Seller by delivery of written notice thereof to Buyer, shall promptly update Schedule 7.10(a) to remove from such list the name of such person.

(b) Subject to this Section 7.10(b), Buyer will give Qualifying Offers of employment to each of the Business Employees at least fifteen (15) Business Days prior to the anticipated Effective Date or a later date approved by Seller in writing, which approval shall not be unreasonably withheld. As used herein, a "Qualifying Offer" means an offer by Buyer to continue "at-will" employment with the Business commencing at the Closing (i) at a level of base pay (and bonus opportunity) at least equal to such employee's base pay (and bonus opportunity) in effect immediately prior to the Effective Time and as set forth on Schedule 7.10(a), (ii) with an initial primary work location within a thirty (30) mile radius from such employee's primary work location immediately prior to the Effective Time, and (iii) with compensation and benefits that are no less favorable in the aggregate than the compensation and benefits (including equity-based compensation and severance benefits) provided to such Business Employee immediately prior to the Effective Time. All Qualifying Offers of employment made by Buyer pursuant to this Section 7.10(b) will be made in accordance with all applicable Laws, will be conditioned on the occurrence of the Closing, and will include such additional information as shall be mutually agreed by Seller and Buyer. Each Business Employee who is given a Qualifying Offer and who accepts an offer of employment from Buyer pursuant to this Section 7.10(b) is referred to herein as a "Transferred Employee."

(c) Upon the Closing, Seller and its Affiliates will terminate the employment of all Transferred Employees with Seller and its Affiliates. On and after the Effective Time, Buyer shall be solely responsible for any and all Losses related to any Business Employee and Buyer shall indemnify and hold harmless Seller from and against any such Losses.

(d) Through the Effective Time, Seller or its Affiliate will maintain the short term disability and long term disability plans or programs, worker's compensation and any related insurance policies or other funding or administrative arrangements, presently in effect with respect to the Business Employees, and will handle any claim for benefits thereunder in the ordinary course of business. Prior to the Closing, Seller or its Affiliate will take all steps reasonably necessary and appropriate to transfer and assign all such insurance policies and other funding arrangements and Seller's or its Affiliate's rights to Buyer effective as of the Effective Time, at which time Buyer will assume responsibility for all such disability benefits in respect to the Transferred Employees. If Seller, its Affiliate or the insurance carrier of Seller or its Affiliate makes any payments for worker's compensation, short term disability or long term disability to or on behalf of any Transferred Employee that are the responsibility of Buyer as provided in this Agreement, Buyer shall reimburse Seller or its Affiliate, as applicable, for the payments, promptly after receipt of any accounting statement from Seller, to the extent of Seller's or its Affiliate's out-of-pocket costs therefor.

Section 7.11. Employee Benefits.

(a) As of the Effective Time and for a period expiring at the end of the first full calendar year following the year in which the Closing occurs (the "Continuation Period"), Buyer will (i) allow each of the Transferred Employees to participate in Buyer-sponsored benefit plans on a similar basis as made available by Buyer to its other employees who are similarly situated after taking into account such Transferred Employee's service with Seller or an Affiliate of Seller, (ii) provide to each Transferred Employee base pay that is not less than such Transferred Employee's base pay immediately prior to the Effective Time and (iii) provide each

Transferred Employee with compensation and benefits that are no less favorable in the aggregate than the compensation and benefits (including equity-based compensation and severance benefits) provided to such Transferred Employee immediately prior to the Effective Time. If any Transferred Employee's employment is terminated within the Continuation Period, Buyer will provide such Transferred Employee with severance benefits pursuant to the terms of Buyer's applicable severance plan or policy; provided, however, that, in accordance with Section 7.10(b), above, the calculation of any such severance benefits shall take into account such Transferred Employee's service with Seller or an Affiliate of Seller. The form and terms of any particular benefit plan offered by Buyer ("Buyer Benefit Plan") shall be as determined by Buyer, subject to the foregoing and the other provisions of this Section 7.11.

(b) Buyer will recognize the service and seniority of each of the Transferred Employees recognized by Seller for all benefits purposes, including eligibility for, vesting and accrual of, and determination of the levels of such benefits. However, service will not be recognized to the extent it would result in duplication of benefits for the same period of service.

(c) Seller shall fully vest all Transferred Employees in their account balances under the retirement savings plan in which such Transferred Employees participate (the "Seller's 401(k) Plan"), effective as of the Effective Time. Effective as of the Effective Time, Buyer shall maintain or designate, or cause to be maintained or designated, a defined contribution plan and related trust intended to be qualified under sections 401(a), 401(k) and 501(a) of the Code (the "Buyer's 401(k) Plan"). Effective as of the Effective Time, the Transferred Employees shall cease participation in Seller's 401(k) Plan. The Transferred Employees shall be eligible to participate and shall commence participation in Buyer's 401(k) Plan in accordance with the terms of Buyer's 401(k) Plan. Seller and Buyer shall cooperate and take, or cause to be taken, reasonable best efforts to permit each Transferred Employee to make rollover contributions of "eligible rollover distributions" (within the meaning of section 401(a)(31) of the Code) to Buyer's 401(k) Plan in cash in an amount equal to the full account balance distributed to such Transferred Employee from Seller's 401(k) Plan. Buyer will use reasonable best efforts to permit such rollover contributions in the form of notes representing an employee loan under Seller's 401(k) Plan and Buyer shall take (or cause to be taken) any and all reasonable action as may be required to provide that Transferred Employees may continue to service any such loans through payroll deductions after the Closing. Seller shall fully vest all Transferred Employees in their account balances under Seller's nonqualified savings plan, effective as of the Effective Time.

(d) With regard to the AGL Resources Inc. Retirement Plan or the successor plan thereto (the "Seller Pension Plan"), each Pension Participant shall cease to be a participant under such plan effective as of the Effective Time. Effective as of the Effective Time, Buyer shall have in effect a tax-qualified defined benefit pension plan (the "Buyer Pension Plan" which may, for the avoidance of doubt, be a preexisting plan of Buyer) with benefits and other terms and conditions equivalent to the Seller Pension Plan, in each case, in which the Pension Participants shall be eligible to participate. As soon as practicable after the Effective Time, Seller shall cause the calculation and transfer to the Buyer Pension Plan of assets equal to (i) the amount required to be transferred pursuant to Section 414(l) of the Code, Treasury Regulation Section 1.414(l)-1(n)(2) (unless the requirements of such section cannot be satisfied) and such other applicable law using the actuarial assumptions and methodology consistent with those used

by Seller in its measurement of the accumulated benefit obligation of the Seller Pension Plan under Accounting Standards Codification Section 715 (the "ABO") with respect to the Pension Participants, as determined by the Seller's actuaries as of the Effective Time, (for the avoidance of doubt, such actuarial assumptions and methodology are agreed by Seller and Buyer to satisfy the reasonability requirements specified in Section 414(l) of the Code), subject to any requirements under such Section of the Code and ERISA (the "Section 414(l) Amount"); plus (ii) for the period between the Effective Time and the date such assets are transferred (the "Transfer Date"), an interest increment on the Section 414(l) Amount at the rate equal to the yield on the three month US Treasury Bill rate as of the Effective Time; less (iii) any benefit payments that are made from the Seller Pension Plan to each Pension Participant for the period between the Effective Time and the Transfer Date; less (iv) any costs or expenses incurred by Seller in respect of Pension Participant benefits of the Seller Pension Plan for the period between the Effective Time and the Transfer Date. The transfer of the amount from the Seller Pension Plan to the Buyer Pension Plan shall be made in cash. Such transfer shall be subject to Seller's receipt of a current determination letter from the Internal Revenue Service indicating that the Buyer Pension Plan is qualified under Section 401(a) of the Code. The Buyer Pension Plan shall recognize and credit all service (including, without limitation, for purposes of benefit accrual) of the Pension Participants credited under the Seller Pension Plan. Following such transfer from the Seller Pension Plan to the Buyer Pension Plan, the Seller Pension Plan shall have no liability to or with respect to any Pension Participant with respect to their accrued benefits under the Seller Pension Plan, and Buyer shall indemnify and hold harmless Seller and its Affiliates from all liabilities, costs and expenses that may result to Seller or such Affiliates or the Seller Pension Plan from any claim by or on behalf of any Pension Participant for any benefit alleged to be payable under the Seller Pension Plan. To the extent that the amount of assets transferred to the Buyer Pension Plan pursuant to this Section 7.11(d) is less than the ABO (i.e., because of the operation of Section 414(l) of the Code), Seller shall pay Buyer the difference in cash at the same time the plan-to-plan asset transfer is effected.

(e) Buyer agrees to provide those employees whose work responsibilities related primarily to the Business, and who retired prior to the Closing, and who are listed on Schedule 7.11(e) with benefits that are equivalent to those benefits that would have been available to those employees had they remained covered under the Health and Welfare Plan for Retirees & Inactive Employees of AGL Resources, Inc. for a period of two (2) years from the Effective Time. As soon as practicable following the Closing, the assets and liabilities associated with those employees whose work responsibilities related primarily to the Business in the NUI Corporation Employee Welfare Trust (the "Welfare Trust") shall be transferred to a voluntary employees beneficiary association plan maintained by Buyer (the "Buyer VEBA"). The assets shall be transferred in cash. The amount of assets transferred shall be determined based on a pro-rata allocation of the Welfare Trust assets using the retiree medical accumulated postretirement benefit obligation (the "APBO") covered under the Welfare Trust for the group for whom the transfer is effected compared to the APBO for all benefits covered under the Welfare Trust. For the avoidance of doubt, the retiree life APBO to be transferred to the Buyer does not have any corresponding assets under the Welfare Trust.

(f) Buyer will use reasonable best efforts to waive or cause the waiver of any limitation on benefits relating to pre-existing conditions, actively-at-work exclusions and waiting periods for the Transferred Employees under a Buyer Benefit Plan that provides group medical

benefits to the extent that such limitations are waived or otherwise inapplicable to a Transferred Employee under any comparable plan of Seller as of the Effective Date. All health care expenses incurred by Transferred Employees or any eligible dependent thereof, including any alternate recipient pursuant to qualified medical child support orders, in the portion of the calendar year preceding the Effective Date that were qualified to be taken into account for purposes of satisfying any deductible or out-of-pocket limit under any Seller health care plans will be taken into account for purposes of satisfying any deductible or out-of-pocket limit under the health care plan of Buyer for such calendar year.

(g) Seller will be responsible for providing COBRA Continuation Coverage to any current and former employees of Seller, or to any qualified beneficiaries of such employees, who become entitled to COBRA Continuation Coverage as a result of loss of medical coverage under a Benefit Plan maintained by Seller or any of its ERISA Affiliates. Buyer will be responsible for offering and providing COBRA Continuation Coverage to any Transferred Employees (and their qualified beneficiaries) who become entitled to such COBRA Continuation Coverage on or after the Closing as a result of their loss of medical coverage under any Buyer Benefit Plan.

(h) Seller hereby acknowledges that, for Federal Insurance Contributions Act and Federal Unemployment Tax Act tax purposes, Buyer qualifies as a successor employer with respect to the Transferred Employees. In connection with the foregoing, the parties agree to follow the "Alternative Procedures" set forth in Section 5 of Revenue Procedure 2004-53, 2004-2 C.B. 320. In connection with the application of the "Alternative Procedures," (i) Seller and Buyer each shall report on a predecessor-successor basis as set forth in such Revenue Procedure, (ii) provided, that Seller provides to Buyer all necessary payroll records for the calendar year that includes the Effective Time, Seller shall be relieved from furnishing Forms W-2 to employees of Seller or its Affiliates that become employees of Buyer, and (iii) provided, that Seller provides to Buyer all necessary payroll records for the calendar year that includes the Effective Time, Buyer shall assume the obligations of Seller to furnish such Forms W-2 to such employees for the full calendar year in which the Closing occurs.

(i) Buyer and Seller acknowledge and agree that all provisions contained in Section 7.10 and this Section 7.11 are included for the sole benefit of Buyer and Seller, and that nothing contained herein, express or implied, is intended to (i) confer upon any Person (including any Business Employee) any right to continued employment for any period or continued receipt of any specific employee benefit, (ii) constitute an amendment to or any other modification of any employee benefit plan, program or agreement of any kind or (iii) create any third party beneficiary or other rights in any other Person, including any Business Employees (or representatives thereof), former Business Employees, any participant in any benefit plan or any dependent or beneficiary thereof. Nothing in this Agreement shall be interpreted as limiting the power of Buyer, Seller or any of their Affiliates to amend or terminate any particular employee benefit plan, program, agreement or policy.

Section 7.12. Signage. Within ninety (90) days following Closing, Buyer shall, and shall cause the Business to, cease using Seller Marks including removing Seller Marks from the Purchased Assets or any properties or assets relating to the Business, and Buyer shall not, and shall cause the Business not to, use Seller Marks or any logos, Trademarks or trade names

belonging to Seller or any Affiliate thereof, and Buyer acknowledges that it and its Affiliates have no rights whatsoever to use Seller Marks or such logos, Trademarks or trade names or related Intellectual Property. Notwithstanding Buyer's right to use Seller Marks for the time periods set forth above, Buyer agrees that (a) neither Buyer nor any of its Affiliates shall be deemed an agent, representative or joint venture partner of Seller; (b) Seller and its Affiliates shall retain sole and exclusive ownership of Seller Marks, and all goodwill and rights related thereto; and (c) Buyer and its Affiliates shall not knowingly take any action in respect of Seller Marks that would adversely affect Seller or its Affiliates, or the interest of Seller or its Affiliates in the Seller Marks.

Section 7.13. Reserved.

Section 7.14. Notification of Customers. As soon as practicable following the Closing, Seller and Buyer will use their respective commercially reasonable efforts to cause to be sent to customers of the Business written notice that such customers have been transferred from Seller to Buyer. Such notice will contain such information as is required by Law and approved by Buyer and Seller, which approval will not be unreasonably withheld, conditioned or delayed.

Section 7.15. Public Statements. No Party hereto shall issue, or permit any of its Affiliates or Representatives to issue, any press release or otherwise make any public statements or announcements regarding this Agreement or the transactions contemplated hereby without the prior written consent (which consent will not be unreasonably withheld, conditioned or delayed) of the other Party, except as otherwise determined to be necessary or appropriate to comply with applicable Law or any rules or regulations of any supervisory, regulatory or other Governmental Entity having jurisdiction over it or any of its Affiliates (including the Securities and Exchange Commission and the New York Stock Exchange), in which case the Party required to issue such press release or public announcement shall use reasonable efforts to provide the other Party a reasonable opportunity to comment on such press release or public announcement in advance of such publication. The Parties hereto will consult with each other concerning the means by which the employees, customers, and suppliers of the Business and others having dealings with the Business will be informed of the transactions contemplated by this Agreement. Notwithstanding the foregoing, nothing contained in this Agreement shall limit either Party's (or either Party's respective Affiliates') rights to disclose the existence of this Agreement and the general nature of the transaction described herein on any earnings call or in similar discussions with financial media or analysts, stockholders and other members of the investment community.

Section 7.16. Supplements to Seller Disclosure Schedules. From time to time prior to the Closing, Seller may supplement or amend the Seller Disclosure Schedules to properly reflect matters arising after the date hereof (or, in the case of matters that are based on Seller's Knowledge, matters that first come to Seller's Knowledge after the date hereof) (i) that result from the operation of the Business after the date hereof consistent with the requirements of Section 7.1 (an "Ordinary Course Update") or (ii) that, if existing on the date hereof would constitute a breach of any of Seller's representations and warranties hereunder if not set forth on, or described in, the Seller Disclosure Schedules (a "Schedule Update"). In the event that Seller provides written notice to Buyer prior to Closing of a Schedule Update and the Closing nevertheless occurs, any breach of any representation or warranty made by Seller which would

exist absent such Schedule Update will be deemed cured and all rights of Buyer with respect to such breach shall be deemed waived.

Section 7.17. Collections; Remittances. From and after the Effective Time, (a) Seller shall promptly remit to Buyer any amounts that are collected or received by Seller that are for the account of Buyer pursuant to the terms of this Agreement, and (b) Buyer shall, and shall cause its Affiliates to, promptly remit to Seller any amounts that are collected or received by Buyer or any such Affiliate that are for the account of Seller pursuant to the terms of this Agreement.

Section 7.18. Post-Closing Covenants Related to Elkton Gas Name. At the Effective Date, and from time to time thereafter as reasonably requested in writing by Buyer, Seller shall make appropriate filings and to affect the transfer of all of Seller's rights to the Assigned IP, including providing for the transfer of the Assigned IP on the Effective Date. Prior to the Effective Date, Buyer will establish an account with GoDaddy.com, Inc., the registrar for the elktongas.com domain.

Section 7.19. Replacement of Guarantees or Other Credit Support. Buyer acknowledges and agrees that neither Seller nor any of its Affiliates shall have any obligations to maintain any guarantee or other form of credit support to secure performance or payment under any Purchased Business Agreements after the Closing. Buyer shall use its reasonable efforts to obtain and deliver to Seller, prior to the Closing and to be effective upon the Closing, a full and unconditional release of all of the obligations of Seller and its Affiliates under each of the agreements and instruments set forth on Schedule 7.19(the "Guarantees") by providing the counterparties thereto and beneficiaries thereof with a substitute form of security. In the event that any such counterparty or beneficiary does not accept a substitute form of security prior to the Closing, Buyer shall continue to use its reasonable efforts to obtain and deliver to Seller as promptly as practicable after the Closing a full and unconditional release of all of the obligations of Seller and its Affiliates under any of the Guarantees that remain outstanding (the "Continuing Guarantees"). Buyer acknowledges that the obligations of Seller and its Affiliates under the Continuing Guarantees arising after the Closing are for the account of Buyer and any Indemnifiable Losses suffered, paid or incurred by Seller and its Affiliates in respect thereof shall be paid or reimbursed by Buyer, as applicable, and shall otherwise be subject to indemnification by Buyer as Assumed Obligations. Buyer agrees to deliver to Seller at Closing and maintain in effect a letter of credit or other reasonable form of security in respect of Buyer's indemnification obligations relating to each Continuing Guarantee until such time as there has been a full and unconditional release of Seller and its Affiliates from all obligations thereunder. Buyer shall not, and shall not permit any of its Affiliates to: (i) renew or extend the term of, (ii) increase the obligations under, or (iii) transfer to a third party any Business Agreement or other obligation covered by a Continuing Guarantee.

ARTICLE VIII

CONDITIONS TO CLOSING

Section 8.1. Conditions to Each Party's Closing Obligations. The respective obligations of each Party to effect the transactions contemplated hereby are subject to the

fulfillment or joint waiver by the Parties at or prior to the Effective Date of the following conditions:

(a) No Order (whether temporary, preliminary or permanent) which prevents the consummation of the transactions contemplated hereby shall have been issued and remain in effect (each Party agreeing to use its best efforts to have any such Order lifted) and no Law shall have been enacted which directly or indirectly prohibits the consummation of the transactions contemplated hereby.

(b) The Required Regulatory Approvals shall have been obtained.

(c) The Elizabethtown Closing shall have occurred.

Section 8.2. Conditions to Buyer's Closing Obligations. The obligation of Buyer to effect the transactions contemplated hereby is subject to the fulfillment or waiver by Buyer at or prior to the Effective Date of the following additional conditions:

(a) Seller shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by Seller on or prior to the Effective Date;

(b) (i) The Seller Indemnified Representations shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date (except to the extent that any such representation or warranty speaks as of a particular date, in which case such representation and warranty will be true and correct only as of such date) and (ii) all other representations and warranties of Seller set forth in Article V of this Agreement shall be true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein or any Schedule Update other than Ordinary Course Updates), as of the date of this Agreement and as of the Effective Date as though made at and as of the Effective Date (except to the extent that any such representation or warranty speaks as of a particular date, in which case such representation and warranty will be true and correct only as of such date), except for any failure or failures of such representations and warranties to be true and correct that would not, individually or in the aggregate, result in a Material Adverse Effect;

(c) Since the date of this Agreement, no Material Adverse Effect shall have occurred; and

(d) Buyer shall have received a certificate from Seller, signed on its behalf by an officer of Seller and dated the Effective Date, to the effect that the conditions set forth in Section 8.2(a), Section 8.2(b) and Section 8.2(c) have been satisfied.

Section 8.3. Conditions to Seller's Closing Obligations. The obligation of Seller to effect the transactions contemplated hereby is subject to the fulfillment or waiver by Seller at or prior to the Effective Date of the following additional conditions:

(a) Buyer shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by Buyer on or prior to the Effective Date;

(b) The representations and warranties of Buyer set forth in Article VI shall be true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein) as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except to the extent that any such representation or warranty speaks as of a particular date, in which case such representation and warranty will be true and correct only as of such date), except for any failure or failures of such representations and warranties to be true and correct that do not, individually or in the aggregate, cause such representations and warranties of Buyer to be materially inaccurate taken as a whole or have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis; and

(c) Seller shall have received a certificate from Buyer, signed on its behalf by an officer of Buyer and dated the Effective Date, to the effect that the conditions set forth in Section 8.3(a) and Section 8.3(b) have been satisfied.

ARTICLE IX

INDEMNIFICATION

Section 9.1. Survival of Representations, Warranties, and Certain Covenants. The representations and warranties contained in this Agreement and the covenants and agreements contained in this Agreement which by their terms are to be performed prior to or at the Closing shall not survive the Closing, except that the representations and warranties contained in Section 5.2 (Authority and Enforceability), Section 5.6 (Title), Section 5.16 (Brokers and Finders), (the "Seller Indemnified Representations") and Section 6.2 (Authority and Enforceability) and Section 6.5 (Brokers and Finders) (the "Buyer Indemnified Representations") will survive the Closing and will expire twelve (12) months after the Effective Date (the "Survival Period"). The covenants and agreements to be performed after Closing shall survive for the period provided in such covenants and agreements, if any, or until fully performed, whichever is earlier. Notwithstanding the foregoing, any claims asserted in connection with this Agreement in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 9.2. Indemnification.

(a) Subject to Section 9.1 and Section 9.4 hereof, from and after the Closing, Seller will indemnify, defend, and hold harmless Buyer, its Affiliates and each of their respective Representatives (the "Buyer Indemnitees") from and against any and all Claims and Losses (each, an "Indemnifiable Loss") incurred or suffered by any Buyer Indemnitee to the extent resulting from or arising out of:

(i) any inaccuracy in or breach by Seller of any Seller Indemnified Representation, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Effective Date (except for

representations or warranties that expressly relate to any specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); and

(ii) the Excluded Liabilities and the Excluded Assets.

(b) Subject to Section 9.1 and Section 9.4 hereof, from and after the Closing, Buyer will indemnify, defend, and hold harmless Seller, its Affiliates and each of their respective Representatives (the "Seller Indemnitees") from and against any and all Indemnifiable Losses incurred or suffered by any Seller Indemnitee to the extent resulting from or arising out of:

(i) any inaccuracy in or breach by Buyer of any Buyer Indemnified Representation, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Effective Date (except for representations or warranties that expressly relate to any specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); and

(ii) the Business, the Purchased Assets and the Assumed Obligations.

Section 9.3. Indemnification Procedures.

(a) Third Party Claims. If any Person entitled to receive indemnification under this Agreement (an "Indemnitee") receives notice of any Claim by any Person who is neither a Party to this Agreement nor an Affiliate of a Party to this Agreement (a "Third Party Claim") for which has or could reasonably give rise to a right of indemnification hereunder, or which the Indemnitee may claim a right to indemnification hereunder from the other Party (the "Indemnifying Party"), the Indemnitee will promptly give written notice (a "Third Party Claim Notice") of such Third Party Claim to the Indemnifying Party. Any such Third Party Claim Notice shall (i) describe the nature, facts and circumstances of the Third Party Claim in reasonable detail, (ii) state the estimated amount of the Indemnifiable Loss that has been or may be sustained by the Indemnitee, if practicable, (iii) state the method and computation thereof, and (iv) contain specific reference to the provision or provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The Indemnitee shall provide the Indemnifying Party with such other information known to it or in its possession with respect to the Third Party Claim as the Indemnifying Party may reasonably request. The Indemnifying Party, at its sole cost and expense, will have the right, upon written notice to the Indemnitee within thirty (30) days (or such earlier time as may be required by the nature of the Third Party Claim) of receiving a Third Party Claim Notice, to assume the defense of the Third Party Claim through counsel of its choice, provided, that the Indemnitee shall be entitled to retain its own counsel, at the Indemnifying Party's expense, if (i) upon the advice of Indemnitee's counsel, a conflict of interest exists (or would reasonably be expected to arise) that would make it inappropriate for the same counsel to represent both the Indemnifying Party and Indemnitee in connection with a Third Party Claim, (ii) the Indemnifying Party fails to diligently prosecute the defense of the Third Party Claim, or (iii) such Third Party Claim (A) seeks non-monetary relief, or (B) involves criminal or quasi criminal allegations and, provided further, that if the aggregate dollar amount of the Third Party Claim, together with all other Third Party Claims of which the Indemnifying Party is aware or has received Third Party Claim Notices, and all costs and expenses reasonably estimated to be incurred in connection with the defense thereof, would

exceed the monetary limitation of the indemnification obligation applicable to such Third Party Claim (the "Indemnification Cap"), the Indemnitee may, at its option, and to the extent in excess of the Indemnification Cap at its sole cost and expense, assume the defense of the Third Party Claim with counsel of its choice upon written notice to the Indemnifying Party within fifteen (15) days of receiving a Third Party Claim Notice.

(b) Defense of Third Party Claims. If the Indemnifying Party assumes the defense of a Third Party Claim pursuant to Section 9.3(a), the Indemnifying Party will diligently pursue such defense, and will keep the Indemnitee reasonably informed with respect to such defense. The Indemnitee shall, and shall cause its Affiliates to, cooperate with the Indemnifying Party and its counsel, including making available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnitee's possession or under the Indemnitee's control relating thereto as is reasonably required by the Indemnifying Party. The Indemnitee will have the right to participate in such defense, including appointing separate counsel, but the costs of such participation shall be borne solely by the Indemnitee. The Indemnifying Party will, in consultation with the Indemnitee, make all decisions and determine all actions to be taken with respect to the defense and settlement of the Third Party Claim; provided, however, that the Indemnifying Party shall not pay, compromise, settle, or otherwise dispose of such Third Party Claim without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld, conditioned or delayed) unless such settlement involves only the payment of money, such payment is made in full solely by the Indemnifying Party without recourse to the Indemnitee, and such settlement does not impose any obligations or restrictions on the Indemnitee of any nature other than an obligation to pay monetary damages indemnified hereunder. In no event will the Indemnifying Party have authority to agree, without the consent of the Indemnitee, to any relief binding on the Indemnitee other than the payment of money damages by the Indemnifying Party without recourse to the Indemnitee.

(c) Failure to Assume Defense. If the Indemnifying Party elects not to defend such Third Party Claim, fails to promptly notify the Indemnitee in writing of its election to defend, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnitee may defend such Third Party Claim and seek indemnification for any and all Indemnifiable Losses based upon, arising from or relating to such Third Party Claim; provided, however, that the Indemnitee shall not pay, compromise, settle, or otherwise dispose of such Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(d) Direct Losses. Any claim by an Indemnitee on account of an Indemnifiable Loss that does not result from a Third Party Claim (a "Direct Loss") will be asserted by giving the Indemnifying Party prompt written notice thereof, (i) describing the nature, facts and circumstances of such Indemnifiable Loss in reasonable detail, (ii) stating the amount of the Indemnifiable Loss that has been or may be sustained by the Indemnitee, if practicable, (iii) stating the method and computation thereof, and (iv) containing specific reference to the provision or provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The Indemnitee shall provide the Indemnifying Party with such other information with respect to the Direct Loss as the Indemnifying Party may reasonably request and shall cooperate with the Indemnifying Party and its counsel, including permitting reasonable access to books, records, and personnel, in connection with determining the validity

of any claim for indemnification by the Indemnitee and in otherwise resolving such matters. The Indemnifying Party will have a period of thirty (30) Business Days within which to respond to such claim of a Direct Loss. If the Indemnifying Party rejects such claim, or does not respond within such period, the Indemnitee may seek enforcement of its rights to indemnification under this Agreement.

(e) Delay. A failure to give timely notice as provided in this Section 9.3 will affect the rights or obligations of a Party hereunder only to the extent that, as a result of such failure, the Party entitled to receive such notice was actually prejudiced as a result of such failure. Notwithstanding the foregoing, no claim for indemnification first made after expiration of the applicable survival period with respect to the representation, warranty or covenant on which such claim is based set forth in Section 9.1 will be valid and any such claim shall be deemed time-barred.

(f) Tax Losses. In the event of a conflict between Section 7.9 and this Section 9.3, Section 7.9 shall control with respect to Taxes.

Section 9.4. Limitations on Indemnification and Related Matters.

(a) A Party may assert a claim for indemnification hereunder only to the extent the Indemnitee gives notice of such claim to the Indemnifying Party in accordance with Section 9.3 prior to the expiration of the Survival Period.

(b) For the avoidance of doubt, there shall be no time limitation on claims for indemnification relating to Excluded Liabilities or Assumed Obligations. Notwithstanding any other provision contained in this Agreement:

(i) In no event shall either Party be liable for indemnification pursuant to Section 9.2(a)(i) or Section 9.2(b)(i) hereof (A) for any item or items arising out of the same facts, events or circumstances where the Indemnifiable Loss relating thereto is less than $100,000 and (B) in respect of each individual item where the Indemnifiable Loss relating thereto is equal to or greater than $100,000, unless and until the aggregate of all such Indemnifiable Losses which are incurred or suffered by the Buyer Indemnitees or Seller Indemnitees, respectively, exceeds two percent (2%) of the Base Purchase Price (the "Threshold Amount"), in which case the Buyer Indemnitees or Seller Indemnitees, as applicable, shall be entitled, subject to Section 9.4(b)(ii), to indemnification only for such Indemnifiable Losses in excess of the Threshold Amount.

(ii) Neither Seller nor Buyer shall be required to make payments for indemnification pursuant to Section 9.2(a)(i), Section 9.2(b)(i) or Section 7.9(b), respectively, in an aggregate amount in excess of the Base Purchase Price.

(iii) In no event shall any Indemnifying Party be obligated under this Article IX to indemnify any Indemnitee entitled to indemnification hereunder in respect of any Losses that result from the intentional misconduct of such Indemnitee.

(c) Notwithstanding anything contained in this Agreement to the contrary, except for the representations and warranties expressly contained in Article V, neither Seller, any

of its Affiliates or any Seller Representative, nor any other Person is making any other express or implied representation or warranty of any kind or nature whatsoever (including with respect to Seller, the Business, the Purchased Assets, the Assumed Obligations or the transactions contemplated by this Agreement), and Seller hereby disclaims any other representations or warranties, whether made by such Party or its Affiliates, officers, directors, employees, agents, or representatives, including the implied warranty of merchantability and any implied warranty of fitness for a particular purpose.

Section 9.5. Mitigation.

(a) An Indemnitee will use commercially reasonable efforts to mitigate any Indemnifiable Losses, including commercially reasonable efforts to recover all Indemnifiable Losses from insurers of such Indemnitee under applicable insurance policies or through the rate recovery process so as to reduce the amount of any Indemnifiable Loss hereunder. In the event the Indemnitee shall fail to use such commercially reasonable efforts, then notwithstanding anything in this Agreement to the contrary, the Indemnifying Party shall not be required to indemnify the Indemnitee for that portion of Indemnifiable Losses that would reasonably have been expected to have been avoided if the Indemnitee had used such commercially reasonable efforts.

(b) The amount of any Indemnifiable Loss will be reduced to the extent of any insurance proceeds, rate recovery or other payments actually received from an insurer or other third party with respect to an Indemnifiable Loss, net of all costs of recovery. If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement, or payment under or pursuant to any insurance coverage, by rate recovery or by recovery, settlement, or payment by or against any other Person, the amount of such reduction (net of all costs of recovery), will be repaid by the Indemnitee to the Indemnifying Party reasonably promptly following actual receipt or credit of such amounts.

(c) The amount of any Indemnifiable Loss will be reduced to the extent of any net Tax benefit available to the Indemnitee or its Affiliates arising in connection with the accrual, incurrence or payment of any such Indemnifiable Loss.

(d) Upon making any indemnity payment, the Indemnifying Party will, to the extent of such indemnity payment, be subrogated to all rights of the Indemnitee against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates.

Section 9.6. Tax Treatment of Indemnity Payments. Seller and Buyer agree to treat any indemnity payment made pursuant to this Article IX or pursuant to Section 7.9 as an adjustment to the Purchase Price for federal, state, local and foreign income Tax purposes, to the extent permitted by Law.

Section 9.7. No Consequential Damages. Notwithstanding anything to the contrary elsewhere in this Agreement or provided for under any applicable Law, no Party will be liable to the other Party, either in contract or in tort, for any consequential, incidental, indirect, special, or punitive damages of the other Party, including business interruption, loss of future

revenue, profits or income, diminution in value or loss of business reputation or opportunity, relating to the breach or alleged breach hereof or otherwise, whether or not the possibility of such damages has been disclosed to the other Party in advance or could have been reasonably foreseen by such other Party, and, in particular, no "multiple of profits," "multiple of cash flow," "multiple of assets" or similar valuation methodology shall be used in calculating the amount of any Indemnifiable Losses. The exclusion of consequential, incidental, indirect, special, and punitive damages as set forth in the preceding sentence does not apply to any such damages actually paid to a third parties by Buyer or Seller, as the case may be, in connection with Losses that may be indemnified pursuant to this Article IX after Closing.

Section 9.8. Exclusive Remedy. Except for injunctive relief and as provided in Section 7.2(a), the Parties acknowledge and agree that, from and after the Closing, the sole and exclusive remedy for any breach or inaccuracy, or alleged breach or inaccuracy, of any representation or warranty in this Agreement or any breach or failure to perform, or alleged breach or failure to perform, any covenant or agreement in this Agreement, or any other claim based upon, arising out of or relating to this Agreement and/or the transactions contemplated hereby, will be indemnification in accordance with this Article IX and Section 7.9 (which shall relate only to Claims related to Taxes). In furtherance of the foregoing, Seller and Buyer hereby waive, on behalf of themselves and the other Seller Indemnitees and Buyer Indemnitees, respectively, to the fullest extent permitted by applicable Law, any and all other rights, claims, and causes of action (including rights of contribution, rights of recovery arising out of or relating to any Environmental Laws, claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all other claims for breach of duty) that may be based upon, arise out of, or relate to the Business, the Purchased Assets, the Excluded Assets, the Assumed Obligations, the Excluded Liabilities, this Agreement, the negotiation, execution, or performance of this Agreement (including any tort or breach of contract claim or cause of action based upon, arising out of, or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), or the transactions contemplated hereby, known or unknown, foreseen or unforeseen, which exist or may arise in the future, that it may have against the other arising under or based upon any Law, common law, or otherwise.

ARTICLE X

TERMINATION AND OTHER REMEDIES

Section 10.1. Termination.

(a) This Agreement may be terminated at any time prior to the Effective Date by mutual written consent of Seller and Buyer.

(b) This Agreement may be terminated by Seller or Buyer if the Closing has not occurred on or before twelve (12) months following the date of this Agreement (the "Termination Date"); provided, that the right to terminate this Agreement under this Section 10.1(b) will not be available to a Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date. Notwithstanding the foregoing, if twelve (12) months following the date of this Agreement the conditions to the Closing set forth in Section 8.1(b), have not been fulfilled

but all other conditions to the Closing have been fulfilled or are capable of being fulfilled at the Closing, then the Termination Date will be the day which is fifteen (15) months following the date of this Agreement.

(c) This Agreement may be terminated by either Seller or Buyer if (i) any Required Regulatory Approval has been denied by the applicable Governmental Entity, and all appeals of such denial have been taken and have been unsuccessful, or (ii) one or more courts of competent jurisdiction in the United States or any State has issued an Order preliminarily, temporarily or permanently restraining, enjoining, or otherwise prohibiting the Closing, and such Order has become final and non-appealable; provided, however, that the right to terminate this Agreement under this Section 10.1(c) shall not be available to any Party if the denial, restraining, enjoining or other action described in (i) or (ii) hereof is the result of a failure of such Party to comply with its obligations pursuant to Section 7.7 or Section 7.8.

(d) This Agreement may be terminated by Buyer by giving written notice to Seller if there has been a breach by Seller of any representation, warranty, or covenant made by it in this Agreement which would prevent the satisfaction of any condition to the obligations of Buyer to effect the Closing and such breach has not been cured by Seller or waived by Buyer within twenty (20) Business Days after notice of any such breach; provided, that Buyer shall not be permitted to terminate this Agreement if Buyer is then in material breach of any of its representations, warranties, covenants or other agreements contained herein.

(e) This Agreement may be terminated by Seller by giving written notice to Buyer if there has been a breach by Buyer of any representation, warranty, or covenant made by it in this Agreement which would prevent the satisfaction of any condition to the obligations of Seller to effect the Closing and such breach has not been cured by Buyer or waived by Seller within twenty (20) Business Days after notice of any such breach; provided, that Seller shall not be permitted to terminate this Agreement if Seller is then in material breach of any of its representations, warranties, covenants or other agreements contained herein.

(f) This Agreement may be terminated by Buyer or Seller if the Elizabethtown Asset Purchase Agreement has been properly terminated; provided, however, this Section 10.1(f) may not be available to any Party that has breached this Agreement or the Elizabethtown Asset Purchase Agreement.

Section 10.2. Procedure; Effect of Termination; Termination Fee.

(a) In the event that a Party having the right to terminate this Agreement desires to terminate this Agreement, such Party shall give the other Party written notice of such termination, specifying the basis for such termination, and this Agreement will terminate and the transactions contemplated hereby will be abandoned, without further action by either Party, whereupon the liabilities of the Parties hereunder will terminate, except as otherwise expressly provided in this Section 10.2.

(b) The obligations of the Parties under Article XI, and in Section 5.16, Section 6.5, Section 7.3, Section 7.6, and Section 7.15 and this Section 10.2 (and any definitions in Article I referenced in any of the foregoing) will survive the termination of this Agreement.

Nothing herein shall relieve any Party from liability for any willful and material breach of any representation, warranty, covenant or agreement of such Party contained in this Agreement.

(c) If (1) either Buyer or Seller terminates this Agreement pursuant to Section 10.1(b) and, at the time of such termination, any of the conditions set forth in Section 8.1(b) shall not have been satisfied, (2) either Buyer or Seller terminates this Agreement pursuant to Section 10.1(c) (if, and only if, the applicable denial, restraining, enjoining or other action described in Section 10.1(c) giving rise to such termination arises in connection with any Required Regulatory Approval or in connection with the assertion by any other Governmental Entity that its approval of the transactions contemplated by this Agreement is required) or (3) Seller terminates this Agreement pursuant to Section 10.1(e) based on either (x) a failure by Buyer to perform its covenants or agreements under Section 7.7(a) or Section 7.8, or (y) a failure by Buyer to close the transactions contemplated hereby when it is otherwise obligated to do so, then, in any such case, Buyer shall pay to Seller a fee of $500,000 in cash (the "Termination Fee"). Buyer shall pay the Termination Fee to Seller (to an account designated in writing by Seller) prior to or concurrently with such termination of this Agreement by Buyer or no later than three (3) Business Days after the date of the applicable termination by Seller. For the avoidance of doubt, under no circumstances shall the Seller be entitled to collect the Termination Fee on more than one occasion and under no circumstances shall the Seller be permitted to receive both a grant of specific performance of the obligation to close contemplated by Section 11.12 and collect the Termination Fee.

(d) Buyer acknowledges that the agreements contained in Section 10.2(c) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Seller would not enter into this Agreement. If Buyer fails to promptly pay an amount due pursuant to Section 10.2(c) and, in order to obtain such payment, Seller commences a Claim that results in an Order against Buyer for the amount set forth in Section 10.2(c) or any portion thereof, Buyer shall pay to Seller its costs and expenses (including reasonable attorneys' fees and the fees and expenses of any expert or consultant engaged by Seller) in connection with such Claim, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the U.S. prime rate as quoted by The Wall Street Journal in effect on the date such payment was required to be made. Any amount payable pursuant to Section 10.2(c) or Section 10.2(d) shall be paid by Buyer by wire transfer of same-day funds prior to or on the date such payment is required to be made.

(e) Without limiting the rights of Seller under Section 11.12 prior to the termination of this Agreement pursuant to Section 10.1, if this Agreement is terminated under circumstances in which Buyer is obligated to pay the Termination Fee and, if applicable, the costs and expenses of Seller pursuant to Section 10.2(d), upon payment of the Termination Fee and such costs and expenses, Buyer and its Affiliates shall have no further liability with respect to this Agreement or the transactions contemplated hereby to Seller, and payment of the Termination Fee and such costs and expenses by Buyer shall be Seller's sole and exclusive remedy for any Claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements, suffered or incurred by Seller in connection with this Agreement, the transactions contemplated hereby (and the termination thereof) or any matter forming the basis for such termination, and Seller shall not have, and expressly waives and relinquishes, any other right, remedy or recourse (whether in

contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity); provided that, regardless of whether Buyer pays or is obligated to pay the Termination Fee, nothing in this Section 10.2(e) shall release Buyer from liability for a Willful Breach of this Agreement. For purposes of this Agreement, "Willful Breach" means a breach that is a consequence of a deliberate act or deliberate failure to act undertaken by the breaching Party with the knowledge that the taking of or failure to take, such act would, or would reasonably be expected to, cause or constitute a material breach of any covenants or agreements contained in this Agreement; provided that, without limiting the meaning of Willful Breach, the Parties acknowledge and agree that any failure by any Party to consummate the acquisition of the Purchased Assets, the assumption of the Assumed Obligations and the other transactions contemplated by this Agreement to be completed at the Closing (the "Acquisition") after the applicable conditions to the Closing set forth in Article VIII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Acquisition) shall constitute a Willful Breach of this Agreement by such Party. For the avoidance of doubt, (i) in the event that all applicable conditions to the Closing set forth in Article VIII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Acquisition) but Buyer fails to close for any reason, such failure to close shall be considered a Willful Breach by the Buyer and (ii) the availability or unavailability of financing for the transactions contemplated by this Agreement shall have no effect on Buyer's obligations hereunder.

(f) Upon any termination of this Agreement, all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, will within a commercially reasonable time thereafter be withdrawn by the filing Party from the Governmental Entity or other Person to which they were made.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1. Amendment. This Agreement may be amended, modified, or supplemented only by written agreement of Seller and Buyer. Notwithstanding anything to the contrary contained herein, this Section 11.1, Section 11.5, Section 11.6, Section 11.10, Section 11.11 and Section 11.15 may not be amended, supplemented, waived or otherwise modified in a manner adverse to the Financing Sources without the prior written consent of the Financing Sources.

Section 11.2. Waivers and Consents. Except as otherwise provided in this Agreement, any failure of either Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 11.3. Notices. All notices and other communications hereunder will be in writing and will be deemed given (i) when received, if delivered personally, (ii) when sent, if sent by facsimile transmission (provided, that the sender receives confirmation of successful transmission) or by electronic mail, or (iii) when received, if mailed by overnight courier or certified mail (return receipt requested), postage prepaid, in each case, to the Party being notified at such Party's address indicated below (or at such other address for a Party as is specified by like notice):

(a) If to Seller, to:

Pivotal Utility Holdings, Inc.
10 Peachtree Place NE
Atlanta, GA 30309
Attention: Elizabeth W. Reese, Executive Vice President, Chief Financial Officer and Treasurer
Facsimile: (404) 584-3459
Email: ewreese@southernco.com

with copies (which shall not constitute notice) to:

Pivotal Utility Holdings, Inc.
10 Peachtree Place NE
Atlanta, GA 30309
Attention: Paul R. Shlanta, Senior Vice President and General Counsel
Facsimile: (404) 584-3459
Email: pshlanta@southernco.com

and

Baker Botts LLP
30 Rockefeller Plaza
New York, New York 10112
Attention: William S. Lamb
Facsimile: (212) 259-2557
Email: bill.lamb@bakerbotts.com

(b) if to Buyer, to:

South Jersey Industries, Inc.
1 South Jersey Plaza
Folsom, NJ 08037
Attention: Steven R. Cocchi
E-mail: scocchi@sjindustries.com

with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
Attention: Barbara Becker
Saee Muzumdar
E-mail: bbecker@gibsondunn.com
smuzumdar@gibsondunn.com

Section 11.4. Assignment. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder may be assigned by either Party, without the prior written consent of the other Party. Notwithstanding the foregoing, Buyer shall be permitted to assign its rights and obligations under this Agreement and any other Ancillary Agreement, individually or collectively, to one or more wholly-owned, direct or indirect subsidiaries with prior written notice to Seller; provided, however, that no such assignment shall relieve Buyer of, or constitute a discharge of, any of Buyer's liabilities and obligations under this Agreement.

Section 11.5. No Third Party Beneficiaries. No provision of this Agreement is intended to or shall be deemed to confer any rights or remedies upon any Person other than the Parties, except for the rights of Affiliates of the Parties under Article IX hereof; provided, that the Financing Sources shall be express third-party beneficiaries of this Section 11.5 and Section 11.1, Section 11.6, Section 11.10, Section 11.11 and Section 11.15 and each of such Sections shall expressly inure to the benefit of the Financing Sources and the Financing Sources shall be entitled to rely on and enforce the provisions of such Sections. Without limiting the foregoing, no provision of this Agreement creates any rights in any employee or former employee of Seller (including any beneficiary or dependent thereof) in respect of continued employment or resumed employment, and no provision of this Agreement creates any rights in any such Persons in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement.

Section 11.6. Governing Law. This Agreement (as well as any claim or controversy arising out of or relating to this Agreement or the transactions contemplated hereby) shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws rules thereof that would otherwise require the laws of another jurisdiction to apply.

Section 11.7. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

Section 11.8. Entire Agreement. This Agreement will be a valid and binding agreement of the Parties only if and when it is fully executed and delivered by the Parties, and until such execution and delivery no legal obligation will be created by virtue hereof. This

Agreement, the Confidentiality Agreement and the Ancillary Agreements, together with the Appendices and Exhibits hereto and thereto and the certificates and instruments delivered hereunder or in accordance herewith, embodies the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement. This Agreement, the Confidentiality Agreement and the Ancillary Agreements supersede all prior agreements and understandings between the Parties with respect to such transactions contemplated hereby. Neither this Agreement, the Confidentiality Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder.

Section 11.9. Delivery. This Agreement, and any certificates and instruments delivered hereunder or in accordance herewith, may be executed in multiple counterparts (each of which will be deemed an original, but all of which together will constitute one and the same instrument). Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

Section 11.10. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE FINANCING OR THE ANCILLARY AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (INCLUDING ANY LEGAL PROCEEDING AGAINST ANY FINANCING SOURCE).

Section 11.11. Submission to Jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by the other party or its successors or assigns shall be brought and determined in any New York State or federal court sitting in the City of New York (or, if such court lacks subject matter jurisdiction, in any appropriate New York or federal court), and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit or proceeding relating thereto except in the courts described above in New York, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in New York as described herein. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in New York as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior

to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 11.12. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any New York State or federal court sitting in the City of New York (or, if such court lacks subject matter jurisdiction, in any appropriate New York State or federal court), this being in addition to any other remedy to which they are entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security as a prerequisite to obtaining equitable relief.

Section 11.13. Disclosure Generally. Notwithstanding anything to the contrary contained in the Seller Disclosure Schedules or in this Agreement, the information and disclosures contained in any Seller Disclosure Schedule shall be deemed to be disclosed and incorporated by reference with respect to any other representation or warranty of Seller for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Seller Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement.

Section 11.14. "As Is" Sale; Release.

(a) EXCEPT FOR THOSE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE V, AND EXCEPT FOR THOSE ITEMS FOR WHICH BUYER IS EXPRESSLY INDEMNIFIED PURSUANT TO SECTION 9.2(A)(II), (I) THE BUSINESS IS BEING TRANSFERRED "AS IS, WHERE IS, WITH ALL FAULTS," AND (II) BUYER ACKNOWLEDGES THAT IT HAS NOT RELIED ON, AND SELLERS EXPRESSLY DISCLAIM, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF BUSINESS OR THE PURCHASED ASSETS OR THE PROSPECTS (FINANCIAL OR OTHERWISE), RISKS AND OTHER INCIDENTS OF THE BUSINESS OR THE PURCHASED ASSETS.

(b) Except for the obligations of Seller under this Agreement, for and in consideration of the transfer of the Business, the Purchased Assets and the Assumed Obligations, effective as of the Closing, Buyer shall and shall cause its Affiliates to absolutely and unconditionally release, acquit and forever discharge Seller and its Affiliates, each of their present and former officers, directors, managers, employees and agents and each of their respective heirs, executors, administrators, successors and assigns, from any and all costs, expenses, damages, debts, or any other obligations, liabilities and claims whatsoever, whether

known or unknown, both in law and in equity, in each case to the extent arising out of or resulting from the ownership and/or operation of the Business, the Purchased Assets or the Assumed Obligations, or the assets, business, operations, conduct, services, products and/or employees (including former employees) of any of the Business (and any predecessors), whether related to any period of time before or after the Effective Date including, without limitation, as to liabilities under any Environmental Law; provided, however, in the event Buyer is sued by Seller or its Affiliates for any matter subject to this release, Buyer shall have the right to raise any defenses or counterclaims in connection with such lawsuits.

Section 11.15. Liability of Financing Sources. Notwithstanding anything to the contrary contained herein, none of the Financing Sources shall have any liability to Seller or its Affiliates relating to or arising out of this Agreement, the Financing or the transactions contemplated by this Agreement, whether at law or equity, in contract, in tort or otherwise, and neither Seller nor any of its Affiliates will have any rights or claims against any Financing Sources under this Agreement and any other agreement contemplated by, or entered into in connection with, the Financing, including any commitments by the Financing Sources in respect of the Financing. Notwithstanding anything herein to the contrary, in no event shall Seller or its Affiliates be entitled to seek the remedy of specific performance of this Agreement against any of the Financing Sources.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement or caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first written above.

PIVOTAL UTILITY HOLDINGS, INC., as Seller

By: Elizabeth W Reese
Name: Elizabeth W Reese
Title: Executive Vice President & CFO

SOUTH JERSEY INDUSTRIES, INC., as Buyer

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement or caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first written above.

PIVOTAL UTILITY HOLDINGS, INC., as Seller

By: _____
Name: _____
Title: _____

SOUTH JERSEY INDUSTRIES, INC., as Buyer

By: _____
Name: MICHAEL RENNA
Title: CEO

EXHIBIT A

FORM OF ASSIGNMENT OF EASEMENTS

This Instrument was prepared by
and after recording return to:
_____
_____
_____
_____

ASSIGNMENT AND ASSUMPTION AGREEMENT[1]
(Easement Agreements)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made and entered into as of this _____ day of _____, 20[__] by and between _____, a _____ ("Assignor"), to _____, a _____ (the "Assignee").

WITNESSETH:

WHEREAS, Assignor has agreed to assign to Assignee all of the right, title, and interest of Assignor in those certain easement agreements more particularly described on Exhibit A attached hereto (the "Easement Agreements") and Assignee has agreed to assume all obligations of Assignor under the Easement Agreements arising after the date of this Assignment.

NOW, THEREFORE, for and in consideration of the foregoing and good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged:

1. Assignor hereby assigns to Assignee all of the right, title, and interest of Assignor in and to the Easement Agreements.

2. Assignee hereby assumes and agrees to keep, observe, and perform, or cause to be kept, observed, and performed, all covenants, agreements, and undertakings, whether arising before, on or after the date hereof, under the Easement Agreements.

3. The provisions of this Assignment shall be binding upon, and shall inure to the benefit of, each of the parties hereto and their respective successors, transferees and assigns. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same agreement.

4. Nothing in this Assignment shall alter in any manner or increase any liability or obligation of Assignee or Assignor, all of which shall be solely as set forth in that certain Asset Purchase Agreement, dated as of October 15, 2017, by and between Pivotal Utility Holdings, Inc. and South Jersey Industries, Inc. (the "Asset Purchase Agreement"), which shall govern the representations, warranties and obligations of the parties with respect to the Easement Agreements and all Purchased Assets (as defined in the Asset Purchase Agreement).

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed by their authorized representatives as of the day and year first above written.

[1] This Assignment has not been reviewed by local counsel and is subject to changes required by local law.

ASSIGNOR:

_____

By:_____
Its_____

On this the ____ day of _____, 20[__], before me, the undersigned officer, personally appeared _____, as _____ of _____, the Assignor, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public
My Commission Expires: _____
[Notarial Seal]

ASSIGNEE:

_____

By:_____
Its_____

On this the ____ day of _____, 20[__], before me, the undersigned officer, personally appeared _____, as _____ of _____, the Assignee, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public
My Commission Expires: _____
[Notarial Seal]

EXHIBIT A

Easement Agreements

EXHIBIT B

FORM OF ASSIGNMENT OF LEASES

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made and entered into as of the ___ day of _____, 20[__], by and between _____, a _____ ("Assignor") and _____, a _____ ("Assignee").

WITNESSETH:

WHEREAS, Assignor, as tenant, and _____, as landlord, entered into that certain [Lease Agreement] dated _____, as amended by _____ (as amended, the "Lease"), with respect to the lease of _____ (the "Premises") located at _____ and more particularly described in the Lease; and

WHEREAS, Assignor desires to assign its interest as tenant under the Lease to Assignee, and Assignee desires to succeed to all of Assignor's rights and obligations under the Lease.

NOW, THEREFORE, for and in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title, interest and obligations hereafter accruing in, to and under the Lease.

2. Assignee hereby accepts such transfer and assignment, specifically assuming all of Assignor's duties and obligations in, to and under the Lease, whether arising before, on or after the date hereof, and agrees faithfully to perform and observe each and every term, covenant and condition of the Lease to be performed or observed by the tenant therein for and during the remaining term thereof.

3. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

4. Nothing in this Assignment shall alter in any manner or increase any liability or obligation of Assignee or Assignor, all of which shall be solely as set forth in that certain Asset Purchase Agreement, dated as of October 15, 2017, by and between Pivotal Utility Holdings, Inc. and South Jersey Industries, Inc. (the "Asset Purchase Agreement"), which shall govern the representations, warranties and obligations of the parties with respect to the Lease, Premises and all Purchased Assets (as defined in the Asset Purchase Agreement).

5. This Assignment may be executed in multiple counterparts, each of which shall constitute an original instrument, but all of which shall constitute one and the same agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed as of the day and year first above written.

ASSIGNOR:

_____,
a _____

By: _____
Name: _____
Its: _____

ASSIGNEE:

_____,
a _____

By: _____
Name: _____
Its: _____

EXHIBIT C

FORM OF BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

This BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEEMENT (this "**Conveyance**"), dated as of [_____], 20[__], is entered into by and between Pivotal Utility Holdings, Inc., a New Jersey corporation ("**Assignor**"), and [_____], a [_____] ("**Assignee**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Asset Purchase Agreement, dated as of October 15, 2017, between Assignor and Assignee (the "**Agreement**").

RECITALS

WHEREAS, pursuant to the Agreement, Assignor has agreed to sell, convey, transfer, assign and deliver to Assignee the Purchased Assets at the Closing; and

WHEREAS, pursuant to the Agreement, Assignee has agreed to assume the Assumed Obligations at the Closing.

NOW THEREFORE, pursuant to the Agreement and in consideration of mutual promises it contains, and for other good and valuable consideration, the receipt and sufficiency of which Assignor and Assignee each acknowledge, the parties agree as follows:

ARTICLE I
CONVEYANCE OF PURCHASED ASSETS

1.1 Conveyance. Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee all of the Purchased Assets, free and clear of all Encumbrances (other than Permitted Encumbrances). If, subsequent to the date of this Conveyance, any property or asset that is part of the Purchased Assets comes into possession of Assignor or any of its Affiliates, Assignor agrees to promptly deliver, or cause such Affiliate to deliver, such property or asset to Assignee without any requirement to pay any additional consideration.

ARTICLE II
ASSUMPTION OF LIABILITIES

As of the Closing, and in accordance with and subject to the terms and provisions of the Agreement, Assignee hereby assumes and agrees to duly and timely pay, perform and discharge, and indemnify and hold harmless Assignor from and against, the Assumed Obligations.

ARTICLE III
NO ADDITIONAL OBLIGATIONS

Notwithstanding anything to the contrary herein or otherwise, nothing in this Conveyance shall alter in any manner or increase any liability or obligation of Assignee or Assignor, all of which shall be solely as set forth in the Agreement, which shall govern the representations, warranties and obligations of the parties with respect to this Conveyance, the Assumed Obligations and all Purchased Assets.

ARTICLE IV
MISCELLANEOUS

4.1 Further Assurances. Without limiting the provisions of Article I above, Assignor from time to time hereafter and without further consideration, upon request of Assignee or its successor or assigns, covenants and agrees to execute and deliver to Assignee all such other and additional instruments and other documents, and to take all other actions, as may be reasonably necessary to more fully assure to Assignee or Assignee's successors or assigns, all of the Purchased Assets herein and hereby granted or intended so to be and the performance of all obligations of Assignor herein, including, without limitation, executing separate assignments of individual permits, licenses, contracts, deeds, leases or interests therein, which are included in the Purchased Assets and which are reasonably necessary or desirable to facilitate the recognition of Assignee's ownership of the Purchased Assets by all third parties and applicable governmental agencies and authorities. Such separate assignments (i) shall evidence the conveyance and assignment of the applicable Purchased Assets herein made and shall not constitute an additional conveyance or assignment of the Purchased Assets, (ii) are not intended to modify, and shall not modify, any of the terms, covenants and conditions herein set forth, and (iii) shall be deemed to contain all of the terms and provisions hereof; as fully and to all intents and purposes as though the same were set forth at length in the separate assignments.

4.2 Scope of Conveyance. This Conveyance is expressly subject to the Agreement. Nothing in this Conveyance shall be deemed to supersede, enlarge or modify any of the provisions of the Agreement, some of which survive the execution and delivery of this Conveyance as provided and subject to the limitations set forth in the Agreement. If any conflict exists between the terms of this Conveyance and the terms of the Agreement, the terms of the Agreement shall govern and control.

4.3 Applicable Law. The provisions contained in Section 11.6 of the Agreement shall be applicable to this Conveyance and are incorporated herein.

4.4 Successors and Assigns. All of the provisions hereof shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

4.5 Amendments and Waivers. Any provision of this Conveyance may be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may be given, only with the written agreement of Assignor and Assignee.

4.6 Headings, Recitals and Schedules. The headings of articles, sections and other subdivisions of this Conveyance have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof or affect in any way the meaning or interpretation of this Conveyance. With the exception of headings, all statements and recitals herein are contractual.

4.7 Negotiated Transaction. All provisions of this Conveyance were negotiated by the parties hereto and this Conveyance shall be deemed to have been drafted by each of the parties hereto.

4.8 Delivery. This Conveyance may be executed in multiple counterparts (each of which will be deemed an original, but all of which together will constitute one and the same instrument). Signatures to this Conveyance transmitted by facsimile transmission, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have caused this Conveyance to be executed as of the date hereof, to be effective as of the date hereof.

ASSIGNOR:

PIVOTAL UTILITY HOLDINGS, INC.

By: _____
Name: _____
Title: _____

ASSIGNEE:

[_____]

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF DEED

Tax ID Number: _____

AFTER RECORDATION,
PLEASE RETURN TO:

_____
_____
_____
_____

DEED[1]

THIS DEED is made as of the ___ day of _____, 20[__], by and between _____, a _____ ("**Grantor**"), whose address is _____, and _____, a _____ ("**Grantee**"), whose address is _____.

WITNESSETH:

That for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor does hereby grant, bargain, sell and convey unto said Grantee, (i) that certain property located in _____ County, Maryland, as is more particularly described on Exhibit A attached hereto together with all improvements thereon and all rights and appurtenances pertaining to such property (the "**Real Property**"), and (ii) the equipment, machinery and other items of tangible and intangible personal property, if any, affixed to the Real Property and used in connection with the operation of the Real Property (collectively, the "**Property**").

Being the same land conveyed to Grantor by _____ Deed dated _____ and recorded _____ in Liber _____ at folio _____ among the Land Records of _____ County.

TO HAVE AND TO HOLD the Property, together with each and every title, right, privilege, appurtenance and advantage thereunto belonging, or in anywise appertaining, unto and for the use and benefit of Grantee, its successors and assigns, in fee simple forever.

This conveyance is made subject to rights, obligations, reservations, covenants, conditions, restrictions, easements, rights-of-way and other matters of record as of the date hereof and without express or implied warranty.

Nothing in this Deed shall alter in any manner or increase any liability or obligation of Grantor or Grantee, all of which shall be solely as set forth in that certain Asset Purchase Agreement, dated as of October 15, 2017, by and between Pivotal Utility Holdings, Inc. and South Jersey Industries, Inc. (the "**Purchase Agreement**"), which shall govern the representations,

[1] This deed has not been reviewed by local counsel and is subject to changes required by local law

warranties and obligations of the parties with respect to the Property and all Purchased Assets (as defined in the Purchase Agreement).

All claims arising under or in any way related to this Deed shall, as between Grantor and Grantee, be resolved in accordance with, and subject to the limitations set forth in, the Purchase Agreement.

All warranties that might arise by common law or by statute, including without limitation, _____, are excluded from this Deed. **EXCEPT AS EXPRESSLY SET FORTH IN THE PURCHASE AGREEMENT, THIS CONVEYANCE IS MADE WITHOUT WARRANTY OF TITLE (WHETHER STATUTORY, EXPRESS OR IMPLIED).**

Grantor hereby certifies, under penalties of perjury, that the consideration paid or to be paid is the sum total of $_____ and Grantee, by its acceptance hereof, hereby assumes payment of all ad valorem real estate taxes and assessments attributable to the property from and after the date hereof.

[NO FURTHER TEXT ON THIS PAGE; SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned has caused these presents to be executed as of the date first above written.

GRANTOR:

_____
a _____

_____)
)
_____) ss:

On this the ____ day of _____, 20[__], before me, the undersigned officer, personally appeared _____, as _____ of _____, the Grantor, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public
My Commission Expires: _____
[Notarial Seal]

This is to certify that the within instrument was prepared by or under the supervision of the undersigned, an attorney duly qualified to practice before the Court of Appeals of Maryland.

_____
Attorney Name:

GRANTEE:

_____
a _____

_____)
)
_____) ss:

On this the ____ day of _____, 20[__], before me, the undersigned officer, personally appeared _____, as _____ of _____, the Grantee, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public
My Commission Expires: _____
[Notarial Seal]

EXHIBIT A

LEGAL DESCRIPTION

[TO BE INSERTED]

Exhibit C

Proposed Structure of SJI

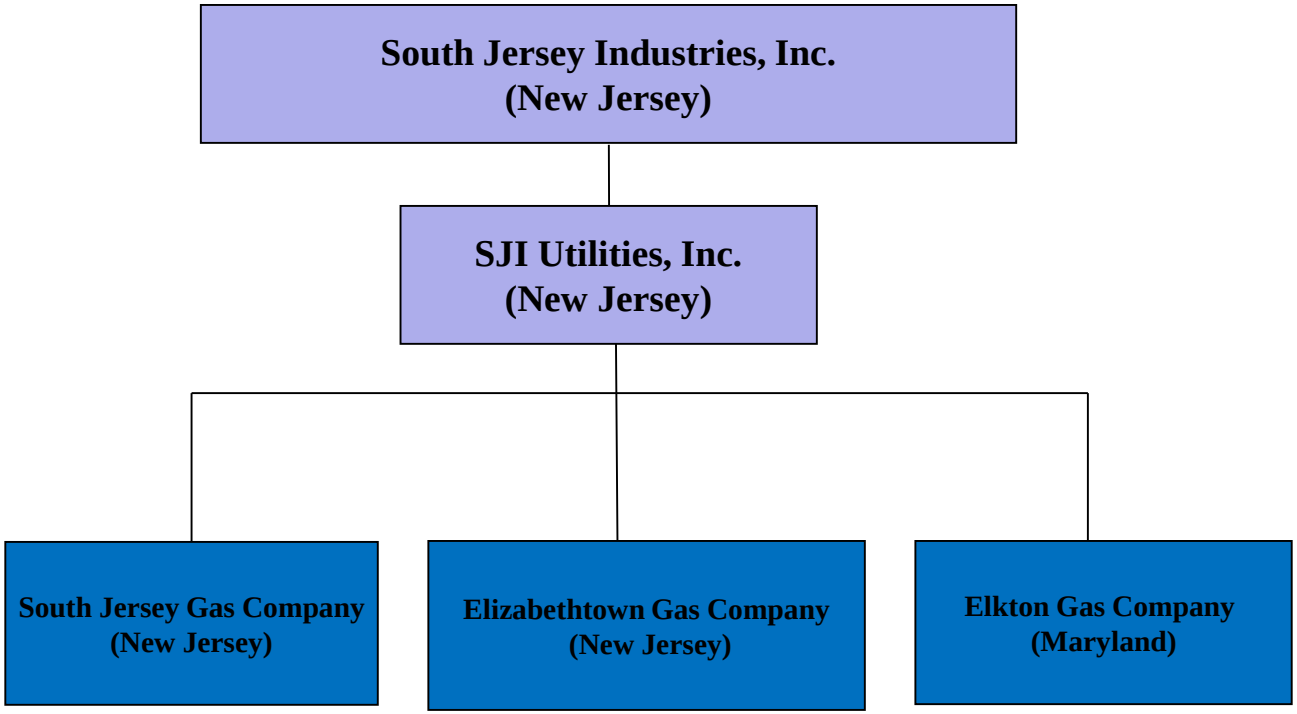

Exhibit C

Exhibit D

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 **September 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 ☐

Indicate by check mark whether either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

South Jersey Industries, Inc. common stock ($1.25 par value) outstanding as of November 1, 2017 was 79,549,080 shares. South Jersey Gas Company common stock ($2.50 par value) outstanding as of November 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.

Table of Contents

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 September 30,	
	2017	2016
Operating Revenues:		
Utility	$ 65,473	$ 60,983
Nonutility	161,654	158,099
Total Operating Revenues	227,127	219,082
Operating Expenses:		
Cost of Sales - (Excluding depreciation)		
- Utility	28,217	25,353
- Nonutility	140,598	117,635
Operations	82,521	34,796
Maintenance	4,615	4,150
Depreciation	24,914	23,109
Energy and Other Taxes	1,517	1,449
Total Operating Expenses	282,382	206,492
Operating (Loss) Income	(55,255)	12,590
Other Income and Expense	2,253	2,223
Interest Charges	(10,567)	(7,355)
(Loss) Income Before Income Taxes	(63,569)	7,458
Income Taxes	24,765	(2,807)
Equity in Earnings of Affiliated Companies	1,256	5,013
(Loss) Income from Continuing Operations	(37,548)	9,664
Loss from Discontinued Operations - (Net of tax benefit)	(45)	(29)
Net (Loss) Income	$ (37,593)	$ 9,635
Basic Earnings Per Common Share:		
Continuing Operations	$ (0.47)	$ 0.12
Discontinued Operations	—	—
Basic Earnings Per Common Share	$ (0.47)	$ 0.12
Average Shares of Common Stock Outstanding - Basic	79,549	79,478
Diluted Earnings Per Common Share:		
Continuing Operations	$ (0.47)	$ 0.12
Discontinued Operations	—	—
Diluted Earnings Per Common Share	$ (0.47)	$ 0.12
Average Shares of Common Stock Outstanding - Diluted	79,549	79,635
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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	Nine Months Ended September 30,	
	2017	2016
Operating Revenues:		
Utility	$ 343,180	$ 312,925
Nonutility	554,150	393,594
Total Operating Revenues	897,330	706,519
Operating Expenses:		
Cost of Sales - (Excluding depreciation)		
- Utility	131,927	110,067
- Nonutility	503,715	284,236
Operations	160,621	109,843
Maintenance	14,268	12,793
Depreciation	73,793	66,106
Energy and Other Taxes	5,139	4,617
Total Operating Expenses	889,463	587,662
Operating Income	7,867	118,857
Other Income and Expense	10,235	8,787
Interest Charges	(38,291)	(24,744)
(Loss) Income Before Income Taxes	(20,189)	102,900
Income Taxes	8,439	(34,885)
Equity in Earnings of Affiliated Companies	4,337	5,038
(Loss) Income from Continuing Operations	(7,413)	73,053
Loss from Discontinued Operations - (Net of tax benefit)	(122)	(176)
Net (Loss) Income	$ (7,535)	$ 72,877
Basic Earnings Per Common Share:		
Continuing Operations	$ (0.09)	$ 0.97
Discontinued Operations	—	—
Basic Earnings Per Common Share	$ (0.09)	$ 0.97
Average Shares of Common Stock Outstanding - Basic	79,539	75,316
Diluted Earnings Per Common Share:		
Continuing Operations	$ (0.09)	$ 0.97
Discontinued Operations	—	—
Diluted Earnings Per Common Share	$ (0.09)	$ 0.97
Average Shares of Common Stock Outstanding - Diluted	79,539	75,411
Dividends Declared per Common Share	$ 0.81	$ 0.78

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(In Thousands)

	Three Months Ended September 30,	
	2017	2016
Net (Loss) Income	$ (37,593)	$ 9,635
Other Comprehensive Income, Net of Tax:*		
Unrealized Gain on Available-for-Sale Securities	—	154
Unrealized Gain on Derivatives - Other	7	49
Other Comprehensive Income - Net of Tax*	7	203
Comprehensive (Loss) Income	$ (37,586)	$ 9,838

	Nine Months Ended September 30,	
	2017	2016
Net (Loss) Income	$ (7,535)	$ 72,877
Other Comprehensive Income, Net of Tax:*		
Unrealized Gain on Available-for-Sale Securities	—	258
Unrealized Gain on Derivatives - Other	1,529	149
Other Comprehensive Income - Net of Tax*	1,529	407
Comprehensive (Loss) Income	$ (6,006)	$ 73,284

* Determined using a combined average statutory tax rate of approximately 40%.

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

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In Thousands)

	Nine Months Ended September 30,	
	2017	2016
Net Cash Provided by Operating Activities	$ 127,081	$ 196,433
Cash Flows from Investing Activities:		
Capital Expenditures (See Note 1)	(205,604)	(189,466)
Proceeds from Sale of Property, Plant & Equipment	3,547	—
Investment in Long-Term Receivables	(6,670)	(8,085)
Proceeds from Long-Term Receivables	7,468	7,528
Notes Receivable	3,000	9,919
Purchase of Company-Owned Life Insurance	(8,765)	(1,755)
Investment in Affiliate	(22,434)	(8,307)
Return of Investment in Affiliate	—	4,750
Net Repayment of Notes Receivable - Affiliate	41	1,378
Net Cash Used in Investing Activities (See Note 1)	(229,417)	(184,038)
Cash Flows from Financing Activities:		
Net Repayments of Short-Term Credit Facilities	(16,000)	(201,500)
Proceeds from Issuance of Long-Term Debt	446,000	61,000
Principal Repayments of Long-Term Debt	(292,400)	(48,457)
Payments for Issuance of Long-Term Debt	(3,744)	(7)
Net Settlement of Restricted Stock (See Note 1)	(751)	—
Dividends on Common Stock	(43,353)	(39,752)
Proceeds from Sale of Common Stock	—	214,426
Net Cash Provided by (Used in) Financing Activities	89,752	(14,290)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(12,584)	(1,895)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period (See Note 1)	31,910	52,635
Cash, Cash Equivalents and Restricted Cash at End of Period (See Note 1)	$ 19,326	$ 50,740

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

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In Thousands)

	September 30, 2017	December 31, 2016
Assets		
Property, Plant and Equipment:		
Utility Plant, at original cost	$ 2,591,246	$ 2,424,134
Accumulated Depreciation	(489,755)	(471,222)
Nonutility Property and Equipment, at cost	780,131	821,942
Accumulated Depreciation	(183,475)	(151,084)
Property, Plant and Equipment - Net	2,698,147	2,623,770
Investments:		
Available-for-Sale Securities	32	32
Restricted	5,645	13,628
Investment in Affiliates	54,137	28,906
Total Investments	59,814	42,566
Current Assets:		
Cash and Cash Equivalents	13,681	18,282
Accounts Receivable	150,607	222,339
Unbilled Revenues	19,172	59,680
Provision for Uncollectibles	(13,765)	(12,744)
Notes Receivable	1,107	1,454
Notes Receivable - Affiliate	2,421	2,461
Natural Gas in Storage, average cost	55,502	53,857
Materials and Supplies, average cost	6,594	6,753
Prepaid Taxes	12,145	17,471
Derivatives - Energy Related Assets	42,068	72,391
Other Prepayments and Current Assets	33,931	31,369
Total Current Assets	323,463	473,313
Regulatory and Other Noncurrent Assets:		
Regulatory Assets	477,457	410,746
Derivatives - Energy Related Assets	7,650	8,502
Notes Receivable - Affiliate	13,275	13,275
Contract Receivables	28,515	29,037
Notes Receivable	19,088	25,271
Goodwill	4,838	4,838
Identifiable Intangible Assets	14,973	15,820
Other	92,846	83,429
Total Regulatory and Other Noncurrent Assets	658,642	590,918
Total Assets	$ 3,740,066	$ 3,730,567

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

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In Thousands)

	September 30, 2017	December 31, 2016
Capitalization and Liabilities		
Equity:		
Common Stock	$ 99,436	$ 99,347
Premium on Common Stock	709,448	706,943
Treasury Stock (at par)	(266)	(266)
Accumulated Other Comprehensive Loss	(25,852)	(27,381)
Retained Earnings	438,584	510,597
Total Equity	1,221,350	1,289,240
Long-Term Debt	1,180,319	808,005
Total Capitalization	2,401,669	2,097,245
Current Liabilities:		
Notes Payable	280,100	296,100
Current Portion of Long-Term Debt	10,909	231,909
Accounts Payable	208,021	243,669
Customer Deposits and Credit Balances	58,098	48,068
Environmental Remediation Costs	57,406	46,120
Taxes Accrued	2,467	2,082
Derivatives - Energy Related Liabilities	26,910	60,082
Derivatives - Other	798	681
Dividends Payable	21,677	—
Interest Accrued	6,841	6,231
Pension Benefits	2,463	2,463
Other Current Liabilities	8,480	15,219
Total Current Liabilities	684,170	952,624
Deferred Credits and Other Noncurrent Liabilities:		
Deferred Income Taxes - Net	335,420	343,549
Pension and Other Postretirement Benefits	91,708	95,235
Environmental Remediation Costs	120,123	108,893
Asset Retirement Obligations	59,206	59,427
Derivatives - Energy Related Liabilities	4,359	4,540
Derivatives - Other	10,479	9,349
Regulatory Liabilities	23,485	49,121
Other	9,447	10,584
Total Deferred Credits and Other Noncurrent Liabilities	654,227	680,698
Commitments and Contingencies (Note 11)		
Total Capitalization and Liabilities	$ 3,740,066	$ 3,730,567

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 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	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-3526	**The Southern Company** (A Delaware Corporation) 30 Ivan Allen Jr. Boulevard, N.W. Atlanta, Georgia 30308 (404) 506-5000	58-0690070
1-3164	**Alabama Power Company** (An Alabama Corporation) 600 North 18 th Street Birmingham, Alabama 35203 (205) 257-1000	63-0004250
1-6468	**Georgia Power Company** (A Georgia Corporation) 241 Ralph McGill Boulevard, N.E. Atlanta, Georgia 30308 (404) 506-6526	58-0257110
001-31737	**Gulf Power Company** (A Florida Corporation) One Energy Place Pensacola, Florida 32520 (850) 444-6111	59-0276810
001-11229	**Mississippi Power Company** (A Mississippi Corporation) 2992 West Beach Boulevard Gulfport, Mississippi 39501 (228) 864-1211	64-0205820
001-37803	**Southern Power Company** (A Delaware Corporation) 30 Ivan Allen Jr. Boulevard, N.W. Atlanta, Georgia 30308 (404) 506-5000	58-2598670
1-14174	**Southern Company Gas** (A Georgia Corporation) Ten Peachtree Place, N.E. Atlanta, Georgia 30309 (404) 584-4000	58-2210952

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Indicate by check mark whether the registrants (1) have 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 the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their 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 the registrants were required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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. (Check one):

Registrant	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
The Southern Company	X				
Alabama Power Company			X		
Georgia Power Company			X		
Gulf Power Company			X		
Mississippi Power Company			X		
Southern Power Company			X		
Southern Company Gas			X		

If an emerging growth company, indicate by check mark if the 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑ (Response applicable to all registrants.)

Registrant	Description of Common Stock	Shares Outstanding at September 30, 2017
The Southern Company	**Par Value $5 Per Share**	**1,003,627,691**
Alabama Power Company	**Par Value $40 Per Share**	**30,537,500**
Georgia Power Company	**Without Par Value**	**9,261,500**
Gulf Power Company	**Without Par Value**	**7,392,717**
Mississippi Power Company	**Without Par Value**	**1,121,000**
Southern Power Company	**Par Value $0.01 Per Share**	**1,000**
Southern Company Gas	**Par Value $0.01 Per Share**	**100**

This combined Form 10-Q is separately filed by The Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Power Company, and Southern Company Gas. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

INDEX TO QUARTERLY REPORT ON FORM 10-Q
September 30, 2017

INDEX TO QUARTERLY REPORT ON FORM 10-Q
September 30, 2017

DEFINITIONS

Term	Meaning
2012 MPSC CPCN Order	A detailed order issued by the Mississippi PSC in April 2012 confirming the CPCN originally approved by the Mississippi PSC in 2010 authorizing the acquisition, construction, and operation of the Kemper IGCC
2013 ARP	Alternative Rate Plan approved by the Georgia PSC in 2013 for Georgia Power for the years 2014 through 2016 and subsequently extended through 2019
AFUDC	Allowance for funds used during construction
Alabama Power	Alabama Power Company
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Atlanta Gas Light	Atlanta Gas Light Company, a wholly-owned subsidiary of Southern Company Gas
Atlantic Coast Pipeline	Atlantic Coast Pipeline, LLC, a joint venture to construct and operate a natural gas pipeline in which Southern Company Gas has a 5% ownership interest
Baseload Act	State of Mississippi legislation designed to enhance the Mississippi PSC's authority to facilitate development and construction of baseload generation in the State of Mississippi
CCR	Coal combustion residuals
Clean Power Plan	Final action published by the EPA in 2015 that established guidelines for states to develop plans to meet EPA-mandated CO_2 emission rates or emission reduction goals for existing electric generating units
CO_2	Carbon dioxide
COD	Commercial operation date
Contractor Settlement Agreement	The December 31, 2015 agreement between Westinghouse and the Vogtle Owners resolving disputes between the Vogtle Owners and the EPC Contractor under the Vogtle 3 and 4 Agreement
Cooperative Energy	Electric cooperative in Mississippi formerly known as South Mississippi Electric Power Association (SMEPA)
CPCN	Certificate of public convenience and necessity
CWIP	Construction work in progress
Dalton Pipeline	A 50% undivided ownership interest of Southern Company Gas in a pipeline facility in Georgia
DOE	U.S. Department of Energy
ECO Plan	Mississippi Power's Environmental Compliance Overview Plan
Eligible Project Costs	Certain costs of construction relating to Plant Vogtle Units 3 and 4 that are eligible for financing under the Title XVII Loan Guarantee Program
EPA	U.S. Environmental Protection Agency
EPC Contractor	Westinghouse and its affiliate, WECTEC (formerly known as CB&I Stone & Webster, Inc.), formerly a subsidiary of The Shaw Group Inc. and Chicago Bridge & Iron Company N.V.; the former engineering, procurement, and construction contractor for Plant Vogtle Units 3 and 4
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FFB	Federal Financing Bank
Fitch	Fitch Ratings, Inc.
Form 10-K	Annual Report on Form 10-K of Southern Company, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power, and Southern Company Gas for the year ended December 31, 2016, as applicable
GAAP	U.S. generally accepted accounting principles
Georgia Power	Georgia Power Company
Gulf Power	Gulf Power Company
Heating Degree Days	A measure of weather, calculated when the average daily temperatures are less than 65 degrees Fahrenheit
Horizon Pipeline	Horizon Pipeline Company, LLC

DEFINITIONS
(continued)

Term	Meaning
IGCC	Integrated coal gasification combined cycle
IIC	Intercompany interchange contract
Illinois Commission	Illinois Commerce Commission, the state regulatory agency for Nicor Gas
IRC	Internal Revenue Code of 1986, as amended
IRS	Internal Revenue Service
ITC	Investment tax credit
Kemper IGCC	Mississippi Power's IGCC project in Kemper County, Mississippi
KWH	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied natural gas
Loan Guarantee Agreement	Loan guarantee agreement entered into by Georgia Power with the DOE in 2014, under which the proceeds of borrowings may be used to reimburse Georgia Power for Eligible Project Costs incurred in connection with its construction of Plant Vogtle Units 3 and 4
LOCOM	Lower of weighted average cost or current market price
LTSA	Long-term service agreement
MATS rule	Mercury and Air Toxics Standards rule
Merger	The merger, effective July 1, 2016, of a wholly-owned, direct subsidiary of Southern Company with and into Southern Company Gas, with Southern Company Gas continuing as the surviving corporation
Mirror CWIP	A regulatory liability used by Mississippi Power to record customer refunds resulting from a 2015 Mississippi PSC order
Mississippi Power	Mississippi Power Company
mmBtu	Million British thermal units
Moody's	Moody's Investors Service, Inc.
MRA	Municipal and Rural Associations
MW	Megawatt
natural gas distribution utilities	Southern Company Gas' seven natural gas distribution utilities (Nicor Gas, Atlanta Gas Light, Virginia Natural Gas, Elizabethtown Gas, Florida City Gas, Chattanooga Gas Company, and Elkton Gas)
NCCR	Georgia Power's Nuclear Construction Cost Recovery
New Jersey BPU	New Jersey Board of Public Utilities, the state regulatory agency for Elizabethtown Gas
Nicor Gas	Northern Illinois Gas Company, a wholly-owned subsidiary of Southern Company Gas
NRC	U.S. Nuclear Regulatory Commission
NYMEX	New York Mercantile Exchange, Inc.
OCI	Other comprehensive income
PennEast Pipeline	PennEast Pipeline Company, LLC, a joint venture to construct and operate a natural gas pipeline in which Southern Company Gas has a 20% ownership interest
PEP	Mississippi Power's Performance Evaluation Plan
Piedmont	Piedmont Natural Gas Company, Inc.
Pivotal Utility Holdings	Pivotal Utility Holdings, Inc., a wholly-owned subsidiary of Southern Company Gas, doing business as Elizabethtown Gas, Elkton Gas, and Florida City Gas
Plant Vogtle Units 3 and 4	Two new nuclear generating units under construction at Georgia Power's Plant Vogtle
PowerSecure	PowerSecure, Inc.
power pool	The operating arrangement whereby the integrated generating resources of the traditional electric operating companies and Southern Power (excluding subsidiaries) are subject to joint commitment and dispatch in order to serve their combined load obligations

DEFINITIONS
(continued)

Term	Meaning
PPA	Power purchase agreements, as well as, for Southern Power, contracts for differences that provide the owner of a renewable facility a certain fixed price for the electricity sold to the grid
PSC	Public Service Commission
PTC	Production tax credit
Rate CNP	Alabama Power's Rate Certificated New Plant
Rate CNP Compliance	Alabama Power's Rate Certificated New Plant Compliance
Rate CNP PPA	Alabama Power's Rate Certificated New Plant Power Purchase Agreement
Rate ECR	Alabama Power's Rate Energy Cost Recovery
Rate NDR	Alabama Power's Rate Natural Disaster Reserve
Rate RSE	Alabama Power's Rate Stabilization and Equalization plan
registrants	Southern Company, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and Southern Company Gas
ROE	Return on equity
S&P	S&P Global Ratings, a division of S&P Global Inc.
scrubber	Flue gas desulfurization system
SCS	Southern Company Services, Inc. (the Southern Company system service company)
SEC	U.S. Securities and Exchange Commission
SNG	Southern Natural Gas Company, L.L.C.
Southern Company	The Southern Company
Southern Company Gas	Southern Company Gas and its subsidiaries
Southern Company Gas Capital	Southern Company Gas Capital Corporation, a 100%-owned subsidiary of Southern Company Gas
Southern Company system	Southern Company, the traditional electric operating companies, Southern Power, Southern Company Gas (as of July 1, 2016), Southern Electric Generating Company, Southern Nuclear, SCS, Southern Communications Services, Inc., PowerSecure (as of May 9, 2016), and other subsidiaries
Southern Nuclear	Southern Nuclear Operating Company, Inc.
Southern Power	Southern Power Company and its subsidiaries
SouthStar	SouthStar Energy Services, LLC
STRIDE	Atlanta Gas Light's Strategic Infrastructure Development and Enhancement program
Toshiba	Toshiba Corporation, parent company of Westinghouse
Toshiba Guarantee	Certain payment obligations of the EPC Contractor guaranteed by Toshiba
traditional electric operating companies	Alabama Power, Georgia Power, Gulf Power, and Mississippi Power
Triton	Triton Container Investments, LLC
Virginia Commission	Virginia State Corporation Commission, the state regulatory agency for Virginia Natural Gas
Virginia Natural Gas	Virginia Natural Gas, Inc., a wholly-owned subsidiary of Southern Company Gas
Vogtle 3 and 4 Agreement	Agreement entered into with the EPC Contractor in 2008 by Georgia Power, acting for itself and as agent for the Vogtle Owners, pursuant to which the EPC Contractor agreed to design, engineer, procure, construct, and test Plant Vogtle Units 3 and 4
Vogtle Owners	Georgia Power, Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the City of Dalton, Georgia, an incorporated municipality in the State of Georgia acting by and through its Board of Water, Light, and Sinking Fund Commissioners
WACOG	Weighted average cost of gas
WECTEC	WECTEC Global Project Services Inc.
Westinghouse	Westinghouse Electric Company LLC

THE SOUTHERN COMPANY
AND SUBSIDIARY COMPANIES

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	**2017**	2016
	(in millions)		*(in millions)*	
Operating Revenues:				
Retail electric revenues	**$ 4,615**	$ 4,808	**$ 11,786**	$ 11,932
Wholesale electric revenues	**718**	613	**1,867**	1,455
Other electric revenues	**168**	181	**510**	529
Natural gas revenues	**532**	518	**2,746**	518
Other revenues	**168**	144	**494**	281
Total operating revenues	**6,201**	6,264	**17,403**	14,715
Operating Expenses:				
Fuel	**1,285**	1,400	**3,372**	3,334
Purchased power	**256**	227	**646**	581
Cost of natural gas	**134**	133	**1,085**	133
Cost of other sales	**90**	84	**293**	161
Other operations and maintenance	**1,287**	1,411	**3,918**	3,616
Depreciation and amortization	**767**	695	**2,236**	1,805
Taxes other than income taxes	**303**	309	**941**	821
Estimated loss on Kemper IGCC	**34**	88	**3,155**	222
Total operating expenses	**4,156**	4,347	**15,646**	10,673
Operating Income	**2,045**	1,917	**1,757**	4,042
Other Income and (Expense):				
Allowance for equity funds used during construction	**18**	52	**133**	150
Earnings from equity method investments	**32**	29	**100**	28
Interest expense, net of amounts capitalized	**(407)**	(374)	**(1,248)**	(913)
Other income (expense), net	**11**	(8)	**2**	(66)
Total other income and (expense)	**(346)**	(301)	**(1,013)**	(801)
Earnings Before Income Taxes	**1,699**	1,616	**744**	3,241
Income taxes	**590**	439	**317**	917
Consolidated Net Income	**1,109**	1,177	**427**	2,324
Less:				
Dividends on preferred and preference stock of subsidiaries	**10**	11	**32**	34
Net income attributable to noncontrolling interests	**30**	27	**48**	39
Consolidated Net Income Attributable to Southern Company	**$ 1,069**	$ 1,139	**$ 347**	$ 2,251
Common Stock Data:				
Earnings per share —				
Basic	**$ 1.07**	$ 1.18	**$ 0.35**	$ 2.40
Diluted	**$ 1.06**	$ 1.17	**$ 0.35**	$ 2.38
Average number of shares of common stock outstanding (in millions)				
Basic	**1,003**	968	**998**	940
Diluted	**1,010**	975	**1,005**	945
Cash dividends paid per share of common stock	**$ 0.5800**	$ 0.5600	**$ 1.7200**	$ 1.6625

The accompanying notes as they relate to Southern Company are an integral part of these condensed consolidated financial statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	**2017**	2016
	(in millions)		*(in millions)*	
Consolidated Net Income	**$ 1,109**	$ 1,177	**$ 427**	$ 2,324
Other comprehensive income (loss):				
Qualifying hedges:				
Changes in fair value, net of tax of $15, $12, $32, and $(74), respectively	**25**	19	**54**	(118)
Reclassification adjustment for amounts included in net income, net of tax of $(10), $2, $(36), and $13, respectively	**(17)**	2	**(59)**	20
Pension and other postretirement benefit plans:				
Reclassification adjustment for amounts included in net income, net of tax of $1, $1, $2, and $2, respectively	**1**	1	**3**	3
Total other comprehensive income (loss)	**9**	22	**(2)**	(95)
Comprehensive Income	**1,118**	1,199	**425**	2,229
Less:				
Dividends on preferred and preference stock of subsidiaries	**10**	11	**32**	34
Comprehensive income attributable to noncontrolling interests	**30**	27	**48**	39
Consolidated Comprehensive Income Attributable to Southern Company	**$ 1,078**	$ 1,161	**$ 345**	$ 2,156

The accompanying notes as they relate to Southern Company are an integral part of these condensed consolidated financial statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2017	2016
	(in millions)	
Operating Activities:		
Consolidated net income	**$ 427**	$ 2,324
Adjustments to reconcile consolidated net income to net cash provided from operating activities —		
Depreciation and amortization, total	**2,564**	2,109
Deferred income taxes	**15**	(22)
Allowance for equity funds used during construction	**(133)**	(150)
Pension, postretirement, and other employee benefits	**(64)**	(158)
Settlement of asset retirement obligations	**(137)**	(117)
Hedge settlements	**—**	(236)
Estimated loss on Kemper IGCC	**3,148**	222
Other, net	**(8)**	(1)
Changes in certain current assets and liabilities —		
-Receivables	**426**	(458)
-Fossil fuel for generation	**59**	204
-Natural gas for sale, net of temporary LIFO liquidation	**—**	(222)
-Other current assets	**(164)**	(112)
-Accounts payable	**(467)**	(9)
-Accrued taxes	**157**	1,062
-Accrued compensation	**(230)**	(122)
-Retail fuel cost over recovery	**(211)**	(106)
-Other current liabilities	**(129)**	88
Net cash provided from operating activities	**5,253**	4,296
Investing Activities:		
Business acquisitions, net of cash acquired	**(1,032)**	(9,513)
Property additions	**(5,242)**	(5,252)
Investment in restricted cash	**(16)**	(750)
Distribution of restricted cash	**33**	746
Nuclear decommissioning trust fund purchases	**(585)**	(838)
Nuclear decommissioning trust fund sales	**580**	832
Cost of removal, net of salvage	**(208)**	(155)
Change in construction payables, net	**120**	(259)
Investment in unconsolidated subsidiaries	**(134)**	(1,421)
Payments pursuant to LTSAs	**(189)**	(125)
Other investing activities	**(14)**	95
Net cash used for investing activities	**(6,687)**	(16,640)
Financing Activities:		
Increase (decrease) in notes payable, net	**(515)**	655
Proceeds —		
Long-term debt	**4,068**	14,091
Common stock	**613**	3,265
Preferred stock	**250**	—
Short-term borrowings	**1,263**	—
Redemptions and repurchases —		
Long-term debt	**(1,981)**	(2,405)
Preferred and preference stock	**(150)**	—
Short-term borrowings	**(409)**	(475)
Distributions to noncontrolling interests	**(89)**	(22)
Capital contributions from noncontrolling interests	**79**	367

Purchase of membership interests from noncontrolling interests				(129)
Payment of common stock dividends		**(1,716)**		(1,553)
Other financing activities		**(113)**		(185)
Net cash provided from financing activities		**1,300**		13,609
Net Change in Cash and Cash Equivalents		**(134)**		1,265
Cash and Cash Equivalents at Beginning of Period		**1,975**		1,404
Cash and Cash Equivalents at End of Period	**$**	**1,841**	$	2,669
Supplemental Cash Flow Information:				
Cash paid (received) during the period for —				
Interest (net of $72 and $94 capitalized for 2017 and 2016, respectively)	**$**	**1,286**	$	766
Income taxes, net		**(187)**		(151)
Noncash transactions — Accrued property additions at end of period		**805**		578

The accompanying notes as they relate to Southern Company are an integral part of these condensed consolidated financial statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Assets	**At September 30, 2017**	At December 31, 2016
	(in millions)	
Current Assets:		
Cash and cash equivalents	**$ 1,841**	$ 1,975
Receivables —		
Customer accounts receivable	**1,744**	1,583
Energy marketing receivables	**427**	623
Unbilled revenues	**595**	706
Under recovered fuel clause revenues	**62**	—
Income taxes receivable, current	**138**	544
Other accounts and notes receivable	**578**	377
Accumulated provision for uncollectible accounts	**(43)**	(43)
Materials and supplies	**1,499**	1,462
Fossil fuel for generation	**571**	689
Natural gas for sale	**631**	631
Prepaid expenses	**365**	364
Other regulatory assets, current	**585**	581
Other current assets	**209**	230
Total current assets	**9,202**	9,722
Property, Plant, and Equipment:		
In service	**102,014**	98,416
Less: Accumulated depreciation	**31,164**	29,852
Plant in service, net of depreciation	**70,850**	68,564
Nuclear fuel, at amortized cost	**865**	905
Construction work in progress	**8,026**	8,977
Total property, plant, and equipment	**79,741**	78,446
Other Property and Investments:		
Goodwill	**6,267**	6,251
Equity investments in unconsolidated subsidiaries	**1,637**	1,549
Other intangible assets, net of amortization of $156 and $62 at September 30, 2017 and December 31, 2016, respectively	**902**	970
Nuclear decommissioning trusts, at fair value	**1,783**	1,606
Leveraged leases	**788**	774
Miscellaneous property and investments	**236**	270
Total other property and investments	**11,613**	11,420
Deferred Charges and Other Assets:		
Deferred charges related to income taxes	**1,318**	1,629
Unamortized loss on reacquired debt	**210**	223
Other regulatory assets, deferred	**6,718**	6,851
Other deferred charges and assets	**1,513**	1,406
Total deferred charges and other assets	**9,759**	10,109
Total Assets	**$ 110,315**	$ 109,697

The accompanying notes as they relate to Southern Company are an integral part of these condensed consolidated financial statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Liabilities and Stockholders' Equity	**At September 30, 2017**	At December 31, 2016
	(in millions)	
Current Liabilities:		
Securities due within one year	**$ 3,505**	$ 2,587
Notes payable	**2,579**	2,241
Energy marketing trade payables	**451**	597
Accounts payable	**2,353**	2,228
Customer deposits	**550**	558
Accrued taxes —		
Accrued income taxes	**176**	193
Unrecognized tax benefits	**17**	385
Other accrued taxes	**690**	667
Accrued interest	**443**	518
Accrued compensation	**703**	915
Asset retirement obligations, current	**245**	378
Acquisitions payable	**—**	489
Other regulatory liabilities, current	**139**	236
Other current liabilities	**752**	925
Total current liabilities	**12,603**	12,917
Long-term Debt	**44,042**	42,629
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	**14,321**	14,092
Accumulated deferred ITCs	**2,290**	2,228
Employee benefit obligations	**2,139**	2,299
Asset retirement obligations, deferred	**4,356**	4,136
Other cost of removal obligations	**2,708**	2,748
Other regulatory liabilities, deferred	**449**	476
Other deferred credits and liabilities	**1,048**	1,278
Total deferred credits and other liabilities	**27,311**	27,257
Total Liabilities	**83,956**	82,803
Redeemable Preferred Stock of Subsidiaries	**361**	118
Redeemable Noncontrolling Interests	**59**	164
Stockholders' Equity:		
Common Stockholders' Equity:		
Common stock, par value $5 per share —		
Authorized — 1.5 billion shares		
Issued — September 30, 2017: 1.0 billion shares		
— December 31, 2016: 991 million shares		
Treasury — September 30, 2017: 0.9 million shares		
— December 31, 2016: 0.8 million shares		
Par value	**5,018**	4,952
Paid-in capital	**10,300**	9,661
Treasury, at cost	**(35)**	(31)
Retained earnings	**8,981**	10,356
Accumulated other comprehensive loss	**(182)**	(180)
Total Common Stockholders' Equity	**24,082**	24,758
Preferred and Preference Stock of Subsidiaries	**462**	609
Noncontrolling Interests	**1,395**	1,245
Total Stockholders' Equity	**25,939**	26,612
Total Liabilities and Stockholders' Equity	**$ 110,315**	$ 109,697

The accompanying notes as they relate to Southern Company are an integral part of these condensed consolidated financial statements.

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SOUTHERN COMPANY GAS
AND SUBSIDIARY COMPANIES

SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Successor				Predecessor
	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	**For the Nine Months Ended September 30, 2017**	July 1, 2016 through September 30, 2016	January 1, 2016 through June 30, 2016
	(in millions)				*(in millions)*
Operating Revenues:					
Natural gas revenues (includes revenue taxes of $9, $9, $75, $9, and $57 for the periods presented, respectively)	**$ 532**	$ 518	**$ 2,746**	$ 518	$ 1,841
Other revenues	**33**	25	**95**	25	64
Total operating revenues	**565**	543	**2,841**	543	1,905
Operating Expenses:					
Cost of natural gas	**134**	133	**1,085**	133	755
Cost of other sales	**7**	2	**20**	2	14
Other operations and maintenance	**205**	216	**671**	216	454
Depreciation and amortization	**125**	116	**370**	116	206
Taxes other than income taxes	**26**	29	**140**	29	99
Merger-related expenses	**—**	35	**—**	35	56
Total operating expenses	**497**	531	**2,286**	531	1,584
Operating Income	**68**	12	**555**	12	321
Other Income and (Expense):					
Earnings from equity method investments	**32**	29	**100**	29	2
Interest expense, net of amounts capitalized	**(51)**	(39)	**(145)**	(39)	(96)
Other income (expense), net	**18**	9	**26**	9	5
Total other income and (expense)	**(1)**	(1)	**(19)**	(1)	(89)
Earnings Before Income Taxes	**67**	11	**536**	11	232
Income taxes	**52**	7	**233**	7	87
Net Income	**15**	4	**303**	4	145
Less: Net income attributable to noncontrolling interest	**—**	—	**—**	—	14
Net Income Attributable to Southern Company Gas	**$ 15**	$ 4	**$ 303**	$ 4	$ 131

The accompanying notes as they relate to Southern Company Gas are an integral part of these condensed consolidated financial statements.

SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Successor				Predecessor
	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	**For the Nine Months Ended September 30, 2017**	July 1, 2016 through September 30, 2016	January 1, 2016 through June 30, 2016
	(in millions)				*(in millions)*
Net Income	**$ 15**	$ 4	**$ 303**	$ 4	$ 145
Other comprehensive income (loss):					
Qualifying hedges:					
Changes in fair value, net of tax of $-, $(2), $(2), $(2), and $(23), respectively	**—**	(3)	**(3)**	(3)	(41)
Reclassification adjustment for amounts included in net income, net of tax of $-, $-, $-, $-, and $-, respectively	**—**	—	**—**	—	1
Pension and other postretirement benefit plans:					
Reclassification adjustment for amounts included in net income, net of tax of $-, $-, $(1), $-, and $4, respectively	—	—	—	—	5
Total other comprehensive income (loss)	**—**	(3)	**(3)**	(3)	(35)
Comprehensive Income	**15**	1	**300**	1	110
Less: Comprehensive income attributable to noncontrolling interest	**—**	—	**—**	—	14
Comprehensive Income Attributable to Southern Company Gas	**$ 15**	$ 1	**$ 300**	$ 1	$ 96

The accompanying notes as they relate to Southern Company Gas are an integral part of these condensed consolidated financial statements.

SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Successor		Predecessor
	For the Nine Months Ended September 30, 2017	July 1, 2016 through September 30, 2016	January 1, 2016 through June 30, 2016
	(in millions)		*(in millions)*
Operating Activities:			
Net income	**$ 303**	$ 4	$ 145
Adjustments to reconcile net income to net cash provided from operating activities —			
Depreciation and amortization, total	**370**	116	206
Deferred income taxes	**265**	(30)	8
Pension, postretirement, and other employee benefits	**(4)**	(123)	5
Stock based compensation expense	**25**	11	20
Hedge settlements	**—**	(35)	(26)
Mark-to-market adjustments	**(32)**	17	162
Other, net	**(67)**	(47)	(82)
Changes in certain current assets and liabilities —			
-Receivables	**534**	(18)	181
-Natural gas for sale, net of temporary LIFO liquidation	**—**	(222)	273
-Prepaid income taxes	**(7)**	1	151
-Other current assets	**(42)**	(36)	37
-Accounts payable	**(169)**	78	43
-Accrued taxes	**(24)**	(11)	41
-Accrued compensation	**(11)**	(36)	(21)
-Other current liabilities	**8**	(11)	(30)
Net cash provided from (used for) operating activities	**1,149**	(342)	1,113
Investing Activities:			
Property additions	**(1,093)**	(287)	(509)
Cost of removal, net of salvage	**(45)**	(21)	(32)
Change in construction payables, net	**49**	9	(7)
Investment in unconsolidated subsidiaries	**(128)**	(1,421)	(14)
Returned investment in unconsolidated subsidiaries	**22**	2	3
Other investing activities	**3**	3	—
Net cash used for investing activities	**(1,192)**	(1,715)	(559)
Financing Activities:			
Increase (decrease) in notes payable, net	**(323)**	472	(896)
Proceeds —			
First mortgage bonds	**200**	—	250
Capital contributions from parent company	**79**	1,089	—
Senior notes	**450**	900	350
Redemptions and repurchases —			
Medium-term notes	**(22)**	—	—
First mortgage bonds	**—**	—	(125)
Senior notes	**—**	(300)	—
Distributions to noncontrolling interest	**—**	—	(19)
Payment of common stock dividends	**(332)**	(63)	(128)
Other financing activities	**(7)**	(8)	10
Net cash provided from (used for) financing activities	**45**	2,090	(558)
Net Change in Cash and Cash Equivalents	**2**	33	(4)
Cash and Cash Equivalents at Beginning of Period	**19**	15	19

Cash and Cash Equivalents at End of Period	**$ 21**	$ 48	$ 15
Supplemental Cash Flow Information:			
Cash paid (received) during the period for —			
Interest (net of $9, $2, and $3 capitalized, respectively)	**$ 146**	$ 86	$ 119
Income taxes, net	**17**	54	(100)
Noncash transactions —			
Accrued property additions at end of period	**112**	50	41

The accompanying notes as they relate to Southern Company Gas are an integral part of these condensed consolidated financial statements.

SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Assets	**At September 30, 2017**	At December 31, 2016
	(in millions)	
Current Assets:		
Cash and cash equivalents	**$ 21**	$ 19
Receivables —		
Energy marketing receivables	**427**	623
Customer accounts receivable	**221**	364
Unbilled revenues	**61**	239
Other accounts and notes receivable	**61**	76
Accumulated provision for uncollectible accounts	**(26)**	(27)
Materials and supplies	**24**	26
Natural gas for sale	**631**	631
Prepaid expenses	**103**	80
Assets from risk management activities, net of collateral	**103**	128
Other regulatory assets, current	**96**	81
Other current assets	**25**	10
Total current assets	**1,747**	2,250
Property, Plant, and Equipment:		
In service	**15,383**	14,508
Less: Accumulated depreciation	**4,567**	4,439
Plant in service, net of depreciation	**10,816**	10,069
Construction work in progress	**596**	496
Total property, plant, and equipment	**11,412**	10,565
Other Property and Investments:		
Goodwill	**5,967**	5,967
Equity investments in unconsolidated subsidiaries	**1,609**	1,541
Other intangible assets, net of amortization of $100 and $34 at September 30, 2017 and December 31, 2016, respectively	**300**	366
Miscellaneous property and investments	**21**	21
Total other property and investments	**7,897**	7,895
Deferred Charges and Other Assets:		
Other regulatory assets, deferred	**944**	973
Other deferred charges and assets	**190**	170
Total deferred charges and other assets	**1,134**	1,143
Total Assets	**$ 22,190**	$ 21,853

The accompanying notes as they relate to Southern Company Gas are an integral part of these condensed consolidated financial statements.

SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Liabilities and Stockholder's Equity	**At September 30, 2017**	At December 31, 2016
	(in millions)	
Current Liabilities:		
Securities due within one year	**$ —**	$ 22
Notes payable	**934**	1,257
Energy marketing trade payables	**451**	597
Accounts payable	**368**	348
Customer deposits	**137**	153
Accrued taxes —		
Accrued income taxes	**—**	26
Other accrued taxes	**70**	68
Accrued interest	**66**	48
Accrued compensation	**46**	58
Liabilities from risk management activities, net of collateral	**28**	62
Other regulatory liabilities, current	**126**	102
Accrued environmental remediation, current	**54**	69
Other current liabilities	**112**	108
Total current liabilities	**2,392**	2,918
Long-term Debt	**5,862**	5,259
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	**2,214**	1,975
Employee benefit obligations	**431**	441
Other cost of removal obligations	**1,656**	1,616
Accrued environmental remediation, deferred	**345**	357
Other regulatory liabilities, deferred	**35**	51
Other deferred credits and liabilities	**88**	127
Total deferred credits and other liabilities	**4,769**	4,567
Total Liabilities	**13,023**	12,744
Common Stockholder's Equity:		
Common stock, par value $0.01 per share —		
Authorized — 100 million shares		
Outstanding — 100 shares	**—**	—
Paid in capital	**9,185**	9,095
Accumulated deficit	**(41)**	(12)
Accumulated other comprehensive income	**23**	26
Total common stockholder's equity	**9,167**	9,109
Total Liabilities and Stockholder's Equity	**$ 22,190**	$ 21,853

The accompanying notes as they relate to Southern Company Gas are an integral part of these condensed consolidated financial statements.

Exhibit E

PROFILE

Michael J. Renna

As president and chief executive officer of South Jersey Industries, Michael J. Renna is at the helm of one of New Jersey's most dynamic and successful energy companies.

Mr. Renna joined SJI in 1998 and through his hard work and commitment to success, he advanced through a number of managerial and professional positions. Prior to his leadership role at SJI, Mr. Renna held the titles of president of South Jersey Energy Solutions and South Jersey Energy, the region's largest energy marketer. He was appointed to the South Jersey Energy Solutions executive committee in November 2012 and to the SJI board of directors in 2014.

An alumnus of the University of Delaware, where he earned his undergraduate degree in finance, Mr. Renna also holds a Master of Business Administration degree from Cornell University. He serves on various boards of directors including the New Jersey Chamber of Commerce, the United Way of Greater Philadelphia and Southern New Jersey and Choose New Jersey. Additionally, Mr. Renna sits on the board of trustees for both The Hun School of Princeton and Monmouth University. He is also a member of the steering committee for the William J. Hughes Center for Public Policy at Stockton University and participates in the University of Delaware's Student Mentoring Program.

Corporate Headquarters:

South Jersey Industries (NYSE: SJI)
1 South Jersey Plaza, Folsom, NJ 08037
1-609-561-9000 www.sjindustries.com

South Jersey Industries

PROFILE

Stephen H. Clark

As executive vice president and chief financial officer of South Jersey Industries and South Jersey Gas, Stephen H. Clark oversees all company accounting practices, directs financial strategy, and ensures the integrity of the company's financials.

Mr. Clark joined the company in 1997, as manager of investor relations, establishing that function for SJI. Over the years he assumed finance, treasury, and regulatory affairs responsibilities. In 2013, he was named chief financial officer, and was subsequently elected to the executive vice president role in 2016.

An alumnus of Rutgers College, where he earned his undergraduate degree in political science, Mr. Clark also holds a Master of Business Administration degree from the College of William and Mary. He is a member of the executive leadership counsel of the American Gas Association, and also serves as vice chair of the AGA's finance committee. Mr. Clark is currently chairman of the Foundation Board for Rowan University and serves on the Rohrer College of Business Executive Advisory Council at Rowan University. He also serves as vice chairman of the board of directors of Junior Achievement of New Jersey's Southern District and is on the board of trustees of the Boys and Girls Club of Atlantic City.

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South Jersey Industries

PROFILE

David Robbins Jr.

David Robbins Jr. is senior vice president of South Jersey Industries and president of South Jersey Gas. In this capacity, he oversees the utility's strategic plans to advance the company's mission to safely and reliably serve customers while continuing to contribute to growth.

Mr. Robbins joined SJI in 1997 as a staff accountant. After serving in several financial reporting positions and due to his valuable contributions and commitment to success, his career progressed across SJI's non-utility businesses through a number of treasurer roles.

In 2011, Mr. Robbins became vice president and treasurer, South Jersey Energy Solutions, before assuming responsibility as senior vice president and chief operating officer, South Jersey Energy, SJE Solutions, and SJE Service Plus. In 2014 he was appointed vice president, SJI, and became president, SJESP and Marina, senior vice president, SJE Solutions and SJE. Most recently, Mr. Robbins was instrumental in designing and implementing SJI's five-year plan as senior vice president, Strategy and Corporate Development, SJI, beginning in 2016. In January 2017, Mr. Robbins was selected to become president, SJG.

Before joining SJI, Mr. Robbins was a Certified Public Accountant and held various progressive positions both in public and private accounting.

He serves as a board member of the New Jersey Utilities Association, Inspira Health Network, and Millville Savings and Loan. Additionally, Mr. Robbins is a member of the Executive Leadership Cabinet of the American Heart Association's southern New Jersey Heart Walk.

Mr. Robbins earned his Bachelor's degree in accounting from Old Dominion University.

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1-609-561-9000 www.sjindustries.com

South Jersey Industries

PROFILE

Gregory M. Nuzzo

Gregory M. Nuzzo is senior vice president of South Jersey Industries and president and chief operating officer of South Jersey Energy Solutions. With his appointment to the latter role during 2016, Mr. Nuzzo assumed responsibility for all non-utility operations, including natural gas and electricity commodity marketing, fuel management services, and energy production.

In addition to leading the strategic planning and execution of business operations, Mr. Nuzzo is accountable for continued revenue growth within South Jersey Energy Group and South Jersey Energy Services. Mr. Nuzzo also serves as President, SJI Midstream, which houses the company's interest in the PennEast pipeline partnership.

Mr. Nuzzo joined the company in 2003 as supervisor, non-utility accounting. He later served as general manager, Gas Marketing, within South Jersey Resources Group from 2006 to 2010 before being promoted to vice president. In 2012, he also became vice president, South Jersey Energy Solutions, directing the operations of the natural gas trading strategies in a competitive market. Mr. Nuzzo assumed responsibility as senior vice president, SJI, and SJI Midstream, and president of South Jersey Energy Group in 2014. Prior to joining SJI, Mr. Nuzzo was a senior auditor at Deloitte & Touche.

He is an active member of the SJI Risk Management Committee and the Pennsylvania Independent Oil and Gas Association. He serves as a board member of the Greater Philadelphia Chamber of Commerce and a steering committee member of its Greater Philadelphia Energy Action Team.

Mr. Nuzzo earned his Bachelor's degree in accounting from Rutgers University.

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South Jersey Industries

PROFILE

Gina Merritt-Epps, Esq.

As senior vice president, chief governance officer and corporate secretary for South Jersey Industries, Gina Merritt-Epps is charged with directing the people, business processes, and systems needed to ensure best governance practices and compliance, including support for the Board and its committees. Her duties include managing privacy risk, and ensuring compliance with core regulations, including SEC regulations. She recently accepted the role as the company's first chief governance officer after serving as the company's general counsel for eight years.

An alumna of Pennsylvania State University, Ms. Merritt-Epps earned her undergraduate degree in political science and also holds a Juris Doctor from Howard University School of Law. She is admitted to practice before the United States Supreme Court, the United States District Court for the District of New Jersey, the Supreme Court of New Jersey, and the Supreme Court of Pennsylvania.

Ms. Merritt-Epps is a member of the Society for Corporate Compliance and Ethics, National Association of Corporate Directors, Association of Corporate Counsel, Corporate Counsel Women of Color, Executive Women of NJ, and the American Association of Blacks in Energy. She also serves on the Boards of the Society for Corporate Governance and the Greater Atlantic Chamber of Commerce.

Ms. Merritt-Epps' passion for giving back to the community is reflected in her service to a number of civic and community organizations. She is a charter member of the United Way of Greater Philadelphia and Southern New Jersey's Women's Leadership Initiative, and is a board member of the Lloyd D. Levenson Institute of Gaming, Hospitality. Additionally, Ms. Merritt-Epps is the National Director of Risk Management for Zeta Phi Beta Sorority, Inc.

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1-609-561-9000 www.sjindustries.com

South Jersey Industries

PROFILE

Steven R. Cocchi

As senior vice president, strategy and growth, Steven R. Cocchi is charged with driving growth opportunities in support of South Jersey Industries' strategic business objectives. He is responsible for the oversight and strategic direction of the company's regulatory initiatives and activities, including South Jersey Gas' rate filings with the New Jersey Board of Public Utilities. Additionally, he is responsible for company-wide marketing and sales activities.

Mr. Cocchi joined the company in 2009 as director of legal affairs, where he was responsible for a variety of corporate legal matters. In 2011, he was appointed director of rates and revenue requirements and was later named vice president of rates and regulatory affairs. Mr. Cocchi was elected to his current position in 2017.

An alumnus of Rutgers University, Mr. Cocchi earned his undergraduate degree in political science and history and also holds a Juris Doctor from Rutgers School of Law. He is a member of the Public Utility Law Section of the New Jersey State Bar Association, the State Affairs Committee of the American Gas Association, and a former member of the New Jersey Supreme Court Committee on the Unauthorized Practice of Law.

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1-609-561-9000 www.sjindustries.com

South Jersey Industries

PROFILE

Kathleen A. McEndy

As senior vice president and chief administrative officer for South Jersey Industries, Kathleen McEndy is a key member of the Executive Committee and liaison to the Board Compensation Committee and Corporate Social Responsibility Committee. Her scope includes investor and government relations, corporate communications, human capital strategy and executive compensation, as well as real estate and procurement functions.

Joining SJI in 2013, Kathy is an accomplished senior executive with a successful track record leading organizations to improved performance and profitability. Prior corporate experience includes leadership roles with a successful track record leading operations and staff organizations for global, national and regional employers such as GE, CIGNA and Independence Blue Cross.

Most recently, Kathy was the principal of The McEndy Group, LLC, a management consulting firm with a focus on converting strategy into results. She specialized in organization design, talent assessment and change management initiatives, which enabled clients to grow their businesses. Prior to owning her own firm, Kathy served as Senior Vice President, Human Resources & Administration for Independence Blue Cross of Philadelphia, PA where she led human resources, strategic and operational planning, procurement and facilities.

Kathy holds an MBA from St. Joseph's University. She is a member of the board of trustees for Waverly Heights Ltd. And is a member of the Forum of Executive Women.

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1 South Jersey Plaza ● Folsom, NJ 08037
1-609-567-4000 ● www.sjindustries.com

South Jersey Industries

PROFILE

Kenneth A. Lynch

As senior vice president and chief risk officer for South Jersey Industries, Kenneth A. Lynch is charged with identifying and managing risks to our business. In this role, Mr. Lynch is also responsible for SJI's insurance function. He also serves as treasurer and secretary of the company's non-regulated subsidiary, South Jersey Energy Solutions.

Mr. Lynch joined SJI in 2003 as Director, Internal Audit, before advancing to assistant vice president of financial reporting and risk management in 2006, and then to Chief Accounting Officer in 2012. He was elected to his current role in 2016.

Mr. Lynch is active in many professional and civic organizations, serving on the board of directors and as chairman of the Finance and Audit committee of the Treatment Research Institute, based in Philadelphia. He also serves on the Virtua Foundation's board of trustees. Mr. Lynch holds professional affiliations with the American Institute of Certified Public Accountants, Pennsylvania Institute of Certified Public Accountants, Financial Executives International, Risk Management Society, National Association of Credit Management, SEC Compliance Council and the New Jersey Utilities Association.

An alumnus of Drexel University, where he received his undergraduate degree in accounting and finance, Mr. Lynch also holds a Master in Taxation degree from Villanova University and is a Certified Public Accountant.

Corporate Headquarters:
South Jersey Industries (NYSE: SJI)
1 South Jersey Plaza, Folsom NJ 08037
1-609-561-9000 www.sjindustries.com

South Jersey Industries

Elizabethtown Gas

Elkton Gas

Brian MacLean
President, Elizabethtown Gas and Elkton Gas

Brian MacLean is president of Elizabethtown Gas and Elkton Gas. He is responsible for day-to-day operations as the gas utilities meet the energy needs of more than 279,000 and 6,000 customers, respectively.

A veteran of more than 20 years with Southern Company Gas (formerly AGL Resources), MacLean previously served as the vice president of operations for Elizabethtown Gas. With a focus on safety, compliance and operational quality, he was responsible for all aspects of local operations, including managing distribution, field service and meter reading functions. He began his career with the company at Virginia Natural Gas, where he served in a number of roles.

Active in the community, MacLean serves on the boards of Boys & Girls Clubs of Union County, Union County College Foundation and Boy Scouts of America, and he is a graduate of Leadership New Jersey. MacLean is a frequent volunteer at the Saint Francis Inn soup kitchen, and he has served on the boards of the Tri-County Red Cross of New Jersey and the Hampton Roads Technology Council.

He earned his undergraduate degree from University of Prince Edward Island, completed an Electrical Engineering Technology Co-Op program at NASA Langley Research Center and holds multiple professional certifications from NACE, ISA and Microsoft.

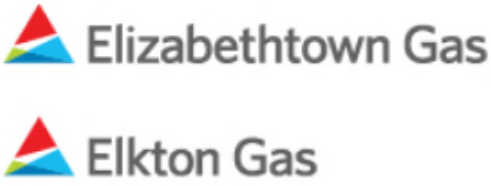
MacLean has four children and lives with his wife in Scotch Plains, NJ.

August 2016

About Southern Company Gas

Southern Company Gas is a wholly owned subsidiary of Atlanta-based Southern Company (NYSE: SO), America's premier energy company. Southern Company Gas serves approximately 4.5 million natural gas utility customers through its regulated distribution companies in seven states and more than 1 million retail customers through its companies that market natural gas and related home services. Other nonutility businesses include asset management for natural gas wholesale customers and ownership and operation of natural gas storage facilities. For more information, visit Southern Company Gas at southerncompanygas.com.

Print



Mary Patricia Keefe
Vice President External Affairs and Business Support
Elizabethtown Gas and Elkton Gas

Mary Patricia Keefe joined Elizabethtown Gas Company in March of 1980 as a Staff Attorney in the Legal Department responsible for Rate and Regulatory matters. She was elected General Counsel of Elizabethtown in 1985 and served in various positions within the utility, ultimately serving as the Vice President of Regulatory Affairs, General Counsel and Secretary of the utility group and a member of its board of directors. She joined the Regulatory team of AGL Resources in 2004 and directed Regulatory Affairs for New Jersey, Maryland and Virginia. She was named the Managing Director of Regulatory Affairs for Mid-Atlantic Regulatory Affairs in 2011 and was elected Vice President External Affairs and Business Support for Elizabethtown Gas and Elkton Gas in September 2014.

Ms. Keefe has extensive experience in all aspects of utility regulation and ratemaking, having served as Elizabethtown's lead counsel in numerous base rate cases, rate clause filings, franchise applications, infrastructure replacement proceedings, energy efficiency matters, utility management audits, as well as merger and acquisition approvals.

Ms. Keefe graduated with honors both from Douglass College for Women of Rutgers University in 1972 and from Seton Hall University Law Center in 1975. She was employed by the New Jersey Public Utility Commission as a hearing examiner and regulatory officer prior to joining Elizabethtown Gas Company in 1980.

She currently serves as the Chair of the New Jersey Utility Association's Board of Directors; she is the first woman to lead this organization in its 103 year history. She was the 2017 recipient of the Mary Philbrook Award by the Women's' Political Caucus of New Jersey recognizing her leadership, civic involvement, and professional efforts to make New Jersey a better place for women to work and live. She is a member of the New Jersey Bar and is admitted to practice before the U.S. District Court for New Jersey and the United States Supreme Court. Last month Ms. Keefe was awarded the James R. Lacey Distinguished Service Award by the Bar Association of the State of New Jersey for lifetime achievement and service to the state's public utility and energy industry.

Exhibit F

State of Maryland
Department of Assessments and Taxation

Charter Division

Larry Hogan
Governor

Michael L. Higgs
Acting Director

Date: 11/30/2017

THE CORPORATION TRUST INCORPORATED
2405 YORK ROAD
SUITE 201
LUTHERVILLE TIMONIUM MD 21093-2264

THIS LETTER IS TO CONFIRM ACCEPTANCE OF THE FOLLOWING FILING:

ENTITY NAME	: ELKTON ACQUISITION CORP.
DEPARTMENT ID	: D18422451
TYPE OF REQUEST	: ARTICLES OF INCORPORATION
DATE FILED	: 11-30-2017
TIME FILED	: 11:43 AM
RECORDING FEE	: $100.00
ORG. & CAP FEE	: $20.00
EXPEDITED FEE	: $50.00
FILING NUMBER	: 1000362010824581
CUSTOMER ID	: 0003602830
WORK ORDER NUMBER	: 0004819407

PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK ORDER NUMBER ON ANY INQUIRIES. APRIL 15 THE FOLLOWING YEAR, AND EACH YEAR THEREAFTER, AN ENTITY SHALL SUBMIT A REPORT ON PERSONAL PROPERTY TO THE DEPARTMENT IN ORDER TO MAINTAIN ITS EXISTENCE, EVEN IF IT DOES NOT OWN ANY PERSONAL PROPERTY. A PERSONAL PROPERTY RETURN FORM CAN BE FOUND ON THE SDAT WEBSITE.

Charter Division
Baltimore Metro Area (410) 767-1350
Outside Metro Area (888) 246-5941

0010925422

ENTITY TYPE:	ORDINARY BUSINESS - STOCK
STOCK:	Y
CLOSE:	N
EFFECTIVE DATE:	11-30-2017
PRINCIPAL OFFICE:	7 ST. PAUL STREET SUITE 820 BALTIMORE MD 21202
RESIDENT AGENT:	CSC-LAWYERS INCORPORATING SERVICE COMPANY 7 ST. PAUL STREET SUITE 820 BALTIMORE MD 21202

ARTICLES OF INCORPORATION
OF
ELKTON ACQUISITION CORP.

ARTICLE I

NAME

The name of the corporation is Elkton Acquisition Corp. (the "**Corporation**").

ARTICLE II

PURPOSES AND POWERS

The purposes for which the Corporation is formed are to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. The foregoing purposes are also to be construed as powers of the Corporation, and shall be in addition to and not in limitation of the general powers of corporations under the general laws of the State of Maryland.

ARTICLE III

PRINCIPAL OFFICE
AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o CSC-Lawyers Incorporating Service Company 7 St. Paul Street, Suite 820 Baltimore, MD 21202. The name and address of the resident agent of the Corporation in the State of Maryland is CSC-Lawyers Incorporating Service Company 7 St. Paul Street, Suite 820 Baltimore, MD 21202. The resident agent is a Maryland corporation.

ARTICLE IV

STOCK

Section 4.1 Authorized Stock.

(a) The total number of shares of stock that the Corporation is authorized to issue is one thousand (1,000), par value $0.001 per share, all of which are designated as Common Stock. The aggregate par value of all the authorized shares of stock is one dollar ($1.00).

(b) The Board of Directors of the Corporation (the "**Board**") is authorized, from time to time, to classify or to reclassify, as the case may be, any unissued shares of stock of the Corporation.

(c) Except to the extent required by law, the shares of capital stock may be issued from time to time by the Board without further approval of the stockholders of the Corporation. The Corporation shall have the authority to purchase its capital stock out of funds lawfully available therefor, which funds shall include, without limitation, the Corporation's unreserved and unrestricted capital surplus. The Board, without action by the stockholders, may amend these Articles to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 4.2 Restriction on Transfer. Provisions governing the restriction on the transferability of shares of stock of the Corporation may be set forth in the Bylaws of the Corporation (as amended from time to time, the "**Bylaws**") or in any agreement duly entered into.

Section 4.3 Voting. Each share of Common Stock shall entitle its holder to one vote on all matters on which the holders of all of the Common Stock are entitled to vote. Notwithstanding any provision of the Maryland General Corporation Law requiring a greater proportion than a majority of the votes entitled to be cast in order to take or authorize any action, any such action may be taken or authorized upon the affirmative vote of at least a majority of the aggregate number of votes entitled to be cast thereon.

Section 4.4 Distributions. Subject to applicable law, the Corporation shall be entitled to pay dividends and distributions out of any source of funds legally available therefor and the Board may from time to time authorize and declare and pay to stockholders dividends or distributions in cash, property or other assets of the Corporation or in securities of the Corporation or from any other source as the Board in its discretion shall determine.

ARTICLE V

DIRECTORS

Section 5.1 Number of Directors. The business and affairs of the Corporation shall be managed by or under the direction of the Board, and, except as otherwise expressly provided by law, these Articles or the Bylaws, all of the powers of the Corporation shall be vested in the Board. The number of directors of the Corporation shall be two (2), which number of directors may be increased or decreased in the manner provided in the Bylaws, but shall never be less than the minimum number of directors required by the Maryland General Corporation Law. The names of the directors who shall serve until the next annual meeting of stockholders and until their successors are duly elected and qualify are: Steven Cocchi and Steve Clark.

Section 5.2 Vacancies. Any vacancies in the Board may be filled in the manner provided in the Bylaws.

Section 5.3 Removal. Any director, or the entire Board, may be removed from office at any time, by the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

Section 5.4 Decisions by Board. Unless otherwise specified in these Articles, every decision by the Board shall require approval by the Board in the manner set forth in these Articles and in the Bylaws. Except to the extent otherwise required under the Maryland General Corporation Law, or under any other express provision of these Articles, every act or decision taken or made by the Board shall constitute the act or decision of the Corporation, without the need for approval by the stockholders.

Section 5.5 Limitations on Liability. To the fullest extent permitted by law in effect on the date of the filing of these Articles or as hereafter amended from time to time, no director or officer of the Corporation shall be personally liable to the Corporation or the stockholders for monetary damages. No amendment of these Articles or the Bylaws, no repeal of any provision of these Articles or the Bylaws, and no adoption of any other provisions in these Articles or the Bylaws inconsistent with this Section 5.5 shall reduce, limit or eliminate this limitation or liability with respect to any act or omission that occurs before such amendment, repeal or adoption, or with respect to any cause of action, suit or claim which, but for this Section 5.5, would have accrued or arisen, prior to such amendment, repeal or adoption.

Section 5.6 Indemnification. To the fullest extent permitted by law in effect on the date of the filing of these Articles or as hereafter amended from time to time, the Corporation shall indemnify and advance expenses to any and all persons whom it shall have power to indemnify and advance expense under applicable law from and against any and all of the expenses, liabilities or other matters referred to in or covered by applicable law, including its directors, former directors, officers, former officers. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or the Board or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a corporate representative who has ceased to be a director, officers, employee or agent and shall inure to the benefit of the heirs and personal representative of such corporate representative. No amendment to these Articles or the Bylaws, no repeal of any provision of these Articles or the Bylaws, and no adoption of any other provision in these Articles or the Bylaws inconsistent with this Section 5.6, shall reduce, limit or eliminate the protection afforded by this Section 5.6 to a director, former director, officer or former officer with respect to any act or omission that occurred prior to such amendment, repeal or adoption, or with respect to any cause of action, suit or claim which, but for this Section 5.6, would have accrued or arisen, prior to such amendment, repeal or adoption. For purposes of this Section 5.6, the term "director" shall have the meaning ascribed to such term by Section 2-418 of the Maryland General Corporation Law.

ARTICLE VI

BYLAWS

The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval of a majority of the Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation by the affirmative vote of the holders of a

majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote.

ARTICLE VII

AMENDMENTS

The Corporation reserves the right, from time to time, to amend, alter or repeal any provision of these Articles, as now or hereafter authorized by law. All rights and powers conferred by these Articles on stockholders, directors and officers are granted subject to this reservation.

ARTICLE VIII
INCORPORATOR

The name and mailing address of the incorporator of the Corporation is:

Anthony Sotomayor
200 Park Avenue, 37th Floor
New York, New York 10166

* * *

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of incorporating and organizing a corporation under the Maryland General Corporation Law, does make and file this Certificate of Incorporation.

Dated: November 29, 2017

By: _____
Name: Anthony Sotomayor
Title: Incorporator

Exhibit F Page 7 of 148

CERTIFICATE OF SECRETARY

PIVOTAL UTILITY HOLDINGS, INC.

I, Barbara P. Christopher, hereby certify that I am the duly appointed and qualified Corporate Secretary of Pivotal Utility Holdings, Inc., a New Jersey corporation (the "Corporation"), that I am familiar with the corporate records of the Corporation, and further certify on behalf of the Corporation that attached as Exhibit A is a copy of the Articles of Incorporation, as amended, of the Corporation as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of January, 2018.

Barbara P. Christopher
Corporate Secretary

CORPORATION SERVICE COMPANY
www.incspot.com

CSC- Wilmington
Suite 400
2711 Centerville Road
Wilmington, DE 19808
800-927-9800
302-636-5454 (Fax)

Matter# NOT PROVIDED
Project Id :
Additional Reference : NOT PROVIDED

Order# 311148-2
Order Date 04/12/2005

Entity Name :	PIVOTAL UTILITY HOLDINGS, INC.
Jurisdiction :	NJ-State of New Jersey
Request for :	Certified/Plain Copies
Document Type :	**All Documents on File**
Result :	Document Retrieved
Comments :	New Jersey included a Certificate Relative to a Certificate of Amendment filed July 12, 1984. The actual copy is missing from their records.

Ordered by MS. JAN EZELL at ALSTON & BIRD, L.L.P.

Thank you for using CSC. For real-time 24 hour access to the status of any order placed with CSC, access our website at www.incspot.com.

If you have any questions concerning this order or IncSpot, please feel free to contact us.

Ynes Bruno
ybruno@cscinfo.com

STATE OF NEW JERSEY
DEPARTMENT OF TREASURY
FILING CERTIFICATION (CERTIFIED COPY)

PIVOTAL UTILITY HOLDINGS, INC.

I, the Treasurer of the State of New Jersey, do hereby certify, that the above named business did file and record in this department the below listed document(s) and that the foregoing is a true copy of the
Certificate Of Incorporation
Amendments
Name Changes
Corrections
And Restated
as the same is taken from and compared with the original(s) filed in this office on the date set forth on each instrument and now remaining on file and of record in my office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at Trenton, this 13th day of April, 2005

John E McCormac, CPA
State Treasurer

CERTIFICATE OF INCORPORATION

OF

NATIONAL UTILITIES & INDUSTRIES CORPORATION

To: The Secretary of State

State of New Jersey

THE UNDERSIGNED, of the age of twenty-one years or over, for the purpose of forming a corporation pursuant to the provisions of Title 14A, Corporations, General, of the New Jersey Statutes, do hereby execute the following Certificate of Incorporation:

FIRST: The name of the corporation is National Utilities & Industries Corporation.

SECOND: The purpose or purposes for which the corporation is organized are the purposes for which corporations may be organized under the provisions of Title 14A, Corporations, General, of the New Jersey Statutes, the New Jersey Business Corporation Act, and the corporation may engage in any activity within the purposes for which corporations may be organized under said Act.

THIRD: The aggregate number of shares which the corporation shall have authority to issue is 5,000,000 shares of common stock of the par value of $10 each.

FOURTH: The address of the corporation's initial registered office is One Elizabethtown Plaza, Elizabeth, New Jersey 07202, and the name of the corporation's initial registered agent at such address is Joseph Coughlin.

FIFTH: The number of directors constituting the initial board of directors shall be three and the names and addresses of the directors are as follows:

Names	Addresses
John Kean	One Elizabethtown Plaza, Elizabeth, N.J. 07202
John R. Sailer	47 West Grand Street, Elizabeth, N.J. 07202
Walter C. Money	One Elizabethtown Plaza, Elizabeth, N.J. 07202

SIXTH: The names and addresses of the incorporators are as follows:

Names	Addresses
John Kean	One Elizabethtown Plaza, Elizabeth, N.J. 07202
John R. Sailer	47 West Grand Street, Elizabeth, N.J. 07202
Walter C. Money	One Elizabethtown Plaza, Elizabeth, N.J. 07202

IN WITNESS WHEREOF, the undersigned, the incorporators of the above named corporation has hereunto signed this Certificate of Incorporation on the 28th day of January, 1969.

John Kean

John R. Sailer

Walter C. Money

S110913

CERTIFICATE OF INCORPORATION

OF

NATIONAL UTILITIES &

INDUSTRIES CORPORATION

FILED AND RECORDED

JAN 29 1969

Robert J. Bush
SECRETARY OF STATE

LICENSE FEE	$1000—
FILING FEE	25—
RECORDING	3—
(3) CERTIFYING COPY	15—
SEC. OF STATE	
	$1043.00

SAILER & FLEMING
Counsellors at Law
47 West Grand Street
Elizabeth, N.J. 07202

420442

Amendment

J 3 1 1

CERTIFICATE OF AMENDMENT TO THE
CERTIFICATE OF INCORPORATION OF
NATIONAL UTILITIES & INDUSTRIES CORPORATION

To: The Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:9-2(4) and Section 14A:9-4(3), Corporations, General, of the New Jersey Statutes, the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation:

1. The name of the corporation is National Utilities & Industries Corporation.

2. The following amendment to the Certificate of Incorporation was approved by the directors and thereafter duly adopted by the shareholders of the corporation on the 10th day of April, 1969:

Resolved, that the Certificate of Incorporation be amended to add a SEVENTH clause and to read as follows:

"SEVENTH: The number of affirmative votes of the holders of shares of common stock having voting power that shall be necessary to, (1) amend the certificate of incorporation, (2) sell, lease, exchange or other disposition of all, or substantially all, the assets of the corporation, not in the usual and regular course of its business as conducted by such corporation, (3) consolidate or merge with or into any other corporation or corporations in accordance with any proposed plan of merger or consolidation, or (4) dissolve the business of the corporation, shall be by two-thirds of the votes cast at any meeting of shareholders at which a quorum is present."

3. The number of shares outstanding at the time of the adoption of the amendment was 26. The total number of shares entitled to vote thereon was 26.

4. The undersigned, being the only shareholder of National Utilities & Industries Corporation, consents and authorizes the foregoing amendment without a meeting of shareholders pursuant to the provisions of Section 14A:5-6(1), Corporations, General, of the New Jersey Statutes.

Name of Shareholder	Signature of Shareholder	Number of Shares Owned
John Kean	John Kean	26

Dated this 10th day of April, 1969

NATIONAL UTILITIES & INDUSTRIES CORPORATION

BY: John Kean
John Kean, President

S 110913

CERTIFICATE OF AMENDMENT

TO THE

CERTIFICATE OF INCORPORATION

OF

NATIONAL UTILITIES & INDUSTRIES CORPORATION

FILED AND RECORDED
APR 16 1969
Robert J. Burkhardt
SECRETARY OF STATE

LICENSE FEE	none
FILING FEE	20-
RECORDING	3-
CERTIFYING COPY	30-
photo-copies	2-
SEC. OF STATE	
	$55.00

6

HC

SAILER & FLEMING
47 West Grand Street
Elizabeth, N.J. 07202

6

4 28 16

Exhibit F Page 16 of 148

Cert. as to Acquisition of Shares of Domestic Co.?

CERTIFICATE

OF

NATIONAL UTILITIES & INDUSTRIES CORPORATION

Pursuant to Paragraph 14A:10-9(3)(a) of the New Jersey Statutes

To: The Secretary of State,
State of New Jersey

Pursuant to the provisions of paragraph 14A:10-9(3)(a), Corporations, General, of the New Jersey Statutes, the undersigned corporation executes the following certificate:

1. On April 24, 1969, the undersigned corporation submitted by first-class mail to all holders of shares of common stock of Elizabethtown Gas Company a written offer to exchange shares of the undersigned corporation's common stock for the 1,040,197 outstanding shares of common stock of Elizabethtown Gas Company on the basis of two shares of the undersigned for each share of Elizabethtown Gas Company. Such written offer was made by means of a prospectus of the undersigned, dated April 22, 1969, which specified the shares to which the offer relates, prescribed the terms and conditions of such offer, including the method of acceptance thereof and the manner of exchanging such shares, and contained a statement summarizing the rights of such shareholders as provided in paragraph 14A:10-9(3)(b).

2. Within 120 days after the date of such mailing, such offer was accepted by the holders of not less than 90% of the shares of common stock of Elizabethtown Gas Company (no shares of Elizabethtown Gas Company having been held at the date of mailing by, or by a nominee for, the undersigned corporation or any subsidiary thereof).

Dated this 16th day of June, 1969

NATIONAL UTILITIES & INDUSTRIES CORPORATION

By: _____
(John Kean) President

S110913

CERTIFICATE

OF

NATIONAL UTILITIES & INDUSTRIES

CORPORATION

FILED AND RECORDED
JUN 16 1969
Robert J. Burdette
SECRETARY OF STATE

LICENSE FEE	None
FILING FEE	25.00
RECORDING	2.00
CERTIFYING COPY	15.00
SEC. OF STATE	—
	$ 42.00

SAILER & FLEMING
47 West Grand Street
Elizabeth, New Jersey 07202

WS 4 34435 9

CERTIFICATE OF AMENDMENT

TO THE CERTIFICATE OF INCORPORATION OF

NATIONAL UTILITIES & INDUSTRIES

TO: Secretary of State
State of New Jersey

Pursuant to the provisions of N.J.S. 14a:9-2(4) and 14a:9-4(3) of the New Jersey Business Corporation Act, the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation.

1. The name of the corporation is National Utilities & Industries Corporation.

2. The following Amendments to the Certificate of Incorporation were approved by the Directors and thereafter duly adopted by the shareholders of the corporation on the date hereof.

"FIRST: The name of the corporation is NUI Corporation".

2(a). The total number of shares entitled to vote thereon was 2,182,000.

2(b). The number of shares voting for and against such amendment is as follows:

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
1,717,651	31,721

"THIRD: The aggregate number of shares which the corporation shall have authority to issue is 5,000,000 shares of common stock of the par value of $10 each and 5,000,000 shares of preferred stock which shall be issued with par value or with no par value.

At all times, each holder of common stock of the corporation shall be entitled to one vote for each share of such which is registered in the name of such holder on the books of the corporation.

The board of directors shall be empowered to issue all or in any part of such preferred stock for such consideration as may be fixed from time to time by the board of directors; provided, however, that each class and series of such preferred stock shall be designated so as to distinguish its shares from those of every other class and series. The board of directors shall have the authority to divide the authorized preferred stock of the corporation into classes and into series within any class or classes and to determine the designation, the number of shares, and the relative voting, dividends, preferences, participating, optional, conversion and other special rights, qualifications, limitations and restrictions of any such class or series. In particular, and without limitation upon the general authority granted, the board of directors shall have the authority to increase the number of shares of any class or series up to the limit of the total authorized preferred stock, whether or not the board of directors previously designated such class or series or the number of shares thereof and, with respect to any class or series which the board of directors previously determined, to decrease the number of shares to a number not less than that of the shares thereof then outstanding. Upon any such decrease or withdrawal, the affected shares shall continue to be part of the authorized preferred stock of the corporation and shall have such designation and such relative rights, dividends, preferences and limitations as they had before the board of directors first acted to include them in such class or series. The board of directors shall have the authority to change the designation or number of shares, or the relative preferences, participating, optional, conversion and other special rights, qualifications limitations and dividends of the shares of any established class or series of shares of preferred stock which has been issued."

2(c). The total number of shares entitled to vote thereon was 2,182,000.

If the shares of any class or series are entitled to vote thereon as a class, set forth below the designation and number of outstanding shares entitled to vote thereon of each such class or series. (Omit if not applicable.)

2(d). The number of shares voting for and against such amendment is as follows: (If the shares of any class or series are entitled to vote as a class, set forth

the number of shares of each such class and series voting for and against the amendment, respectively.)

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
1,673,560	49,068

3. These amendments to the Certificate of Incorporation shall be effective as of April 4, 1983.

NUI CORPORATION, formerly
NATIONAL UTILITIES & INDUSTRIES
CORPORATION

DATED: March 8, 1983

BY: _____
John Kean
President

UNANIMOUS CONSENT OF DIRECTORS OF
NUI CORPORATION IN LIEU OF MEETING
OF DIRECTORS PURSUANT TO N.J.S.
14A:6-7(2)

The undersigned being all the Directors of NUI Corporation, consent to and authorize adoption of the following resolution:

RESOLVED, that the Certificate of Incorporation of NUI Corporation, a New Jersey corporation be and hereby is amended to read as herein set forth in full:

"FIRST: The name of the corporation shall be National Utilities & Industries Corporation."

FURTHER RESOLVED, that the proposed Amendment to the Certificate of Incorporation be submitted to Elizabethtown Gas Company, as the company's sole stockholder for its approval and adoption pursuant to its written consent.

DATED: March 8, 1983

BOARD OF DIRECTORS
NATIONAL UTILITIES & INDUSTRIES
CORPORATION, formerly
NUI CORPORATION

John Kean

C. R. Carver

Susan Treadwell Covino

CONSENT TO USE OF CORPORATE NAME

BY

NUI CORPORATION

TO NATIONAL UTILITIES & INDUSTRIES CORPORATION

NUI Corporation, a corporation duly organized under the laws of the State of New Jersey, pursuant to N.J.S. 14A:2-2(1)(b) of the New Jersey Business Corporation Act hereby consents to the use of the name NUI Corporation by National Utilities & Industries Corporation, an existing corporation amending its corporate name and hereby requests that the Secretary of State accept for recording and filing the Amendment to the Certificate of said corporation setting forth its name as above.

DATED: March 8, 1983

Signed, Sealed and
Delivered in the
Presence of or
Attested by:

NUI CORPORATION

BY: Susan Treadwell Covino
Susan Treadwell Covino
President

FILED

MAR 30 1983

JANE BURGIO
Secretary of State

CERTIFICATE OF CORRECTION

OF

NUI CORPORATION

(TO BE USED BY DOMESTIC AND FOREIGN CORPORATIONS)

TO: Secretary of State
State of New Jersey

The Undersigned, hereby submits for filing, a Certificate of Correction, executed in behalf of the above named Corporation, pursuant to the provisions of Section 14A:1-6(5) Corporations, General, of the New Jersey Statutes.

1. The Certificate to be corrected is:

Certificate of Amendment	March 30, 1983
(Type of Certificate)	(Date Filed)

2. The inaccuracy in the Certificate is the omission of the word "stock" in the second paragraph of the Third Article. The omission of a punctuation mark and a grammatical error in verb usage is also inaccurate in the last sentence of the third paragraph of said Article.

(Indicate the inaccuracy or defect)

3. The Third Article as corrected hereby reads as follows:

"THIRD: The aggregate number of shares which the corporation shall have authority to issue is 5,000,000 shares of common stock of the par value of $10 each and 5,000,000 shares of preferred stock which shall be issued with par value or with no par value.

At all times, each holder of common stock of the corporation shall be entitled to one vote for each share of such stock which is registered in the name of such holder on the books of the corporation.

The board of directors shall be empowered to issue all or in any part of such preferred stock for such consideration as may be fixed from time to time by the board of directors; provided, however, that each class and series of such preferred stock shall be designated so as to

distinguish its shares from those of every other class and series. The board of directors shall have the authority to divide the authorized preferred stock of the corporation into classes and into series within any class or classes and to determine the designation, the number of shares, and the relative voting, dividends, preferences, participating, optional, conversion and other special rights, qualifications, limitations and restrictions of any such class or series. In particular, and without limitation upon the general authority granted, the board of directors shall have the authority to increase the number of shares of any class or series up to the limit of the total authorized preferred stock, whether or not the board of directors previously designated such class or series or the number of shares thereof and, with respect to any class or series which the board of directors previously determined, to decrease the number of shares to a number not less than that of the shares thereof then outstanding. Upon any such decrease or withdrawal, the affected shares shall continue to be part of the authorized preferred stock of the corporation and shall have such designation and such relative rights, dividends, preferences and limitations as they had before the board of directors first acted to include them in such class or series. The board of directors shall have the authority to change the designation or number of shares, or the relative preferences, participating, optional, conversion and other special rights, qualifications, limitations and dividends of the shares of any established class or series of shares of preferred stock which have been issued."

2(c). The total number of shares entitled to vote thereon was 2,182,000.

If the shares of any class or series are entitled to vote thereon as a class, set forth below the designation and number of outstanding shares entitled to vote thereon of each such class or series. (Omit if not applicable.)

2(d). The number of shares voting for and against such amendment is as follows: (If the shares of any class or series are entitled to vote as a class, set forth the number of shares of each such class and series voting for and against the amendment, respectively.)

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
1,673,560	49,068

Dated this 27th day of April, 1983.

NUI Corporation
(Corporate Name)

BY: _____ *
(Signature)

John Kean, President
(Type or Print Name and Title)

* May be executed by the Chairman of the Board, or the President or the Vice-President.

DEPARTMENT OF STATE
1983 APR 27 PM 4:20
CORPORATE RECORDING
BUREAU

S11093

FILED
APR 27 1983
JANE BURGIO
Secretary of State

STATE OF NEW JERSEY
DEPARTMENT OF TREASURY
CERTIFICATE RELATIVE TO CORPORATE FILING

PIVOTAL UTILITY HOLDINGS, INC.

I, the Treasurer of the State of New Jersey, do hereby certify that the above named business did on July 12,1984, file and record in this department a certificate of Amendment as by the statutes of this state required.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at Trenton, this 15th day of April, 2005

John E McCormac, CPA
Treasurer

ADB

FILED

MAR 27 1987

JANE BURGIO
Secretary of State

035 4966

CERTIFICATE

OF

NUI CORPORATION

Pursuant to the provisions of N.J.S. 14A:7-15.1 of the New Jersey Business Corporation Act, the undersigned Corporation executes the following Certificate.

1. The name of the Corporation is NUI Corporation.

2. The division that is the subject of this Certificate (the "Division") was approved by resolution of the Corporation's Board of Directors at a meeting held on March 10, 1987, at which a quorum was present and acting throughout.

3. The Division will not adversely affect the rights or preferences of the holders of outstanding shares of any class or series of capital stock of the Corporation and will not increase the number of authorized but unissued shares.

4. Pursuant to the Division, the Corporation's Common Stock, $10.00 par value, of which 2,411,664 shares were issued and outstanding or held in treasury as of the close of business on the record date, March 23, 1987, shall be split three-for-two into 3,617,496 shares of Common Stock, $7.00 par value.

5. In connection with the Division, the Corporation's Board of Directors has duly adopted the following amendment of the first sentence of Article THIRD of the Corporation's Certificate of Incorporation, as amended:

#6420837500

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"The aggregate number of shares which the corporation shall have authority to issue is 15,000,000 shares of common stock of the par value of $7.00 each and/ 5,000,000 shares of preferred stock which shall be issued with par value or with no par value."

6. The Division shall be effective as of April 15, 1987.

NUI CORPORATION

Dated: March 23, 1987

By: _____
John Kean
President

RCB

FILED

MAR 13 1991

JOAN HABERLE
Secretary of State

0685290

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NUI CORPORATION

TO: THE SECRETARY OF STATE
STATE OF NEW JERSEY

Pursuant to the provisions of Section 14A:9-5 of the New Jersey Business Corporation Act, the undersigned corporation hereby executes the following amended and restated Certificate of Incorporation:

1. The name of the corporation is NUI Corporation.

2. The following amended and restated Certificate of Incorporation was approved by the Directors and thereafter duly adopted by the Shareholders of the Corporation on March 12, 1991.

DEPARTMENT OF STATE
RECORDS SECTION
CERTIFIED
91 MAR 13 AM 10:44

S110913 - 6420837500

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
NUI CORPORATION

FILED

MAR 18 1991

JOAN HABERLE
Secretary of State
0685290

ARTICLE I

The name of the Company is:

NUI CORPORATION

ARTICLE II

The address of its registered office in the State of New Jersey is 550 Route 202-206, Bedminster, New Jersey 07921 and the name of its registered agent at that address is Joseph P. Coughlin, Secretary.

ARTICLE III

There are nine (9) Directors of the Company. Their names and addresses are:

John Kean	550 Route 202-206 Bedminster, New Jersey 07921
John W. Atherton, Jr.	Route 550 Route 202-206 Bedminster, New Jersey 07921
Calvin R. Carver	550 Route 202-206 Bedminster, New Jersey 07921
James J. Forese	550 Route 202-206 Bedminster, New Jersey 07921
Robert W. Kean, Jr.	550 Route 202-206 Bedminster, New Jersey 07921
Jack Langer	550 Route 202-206 Bedminster, New Jersey 07921
W. Emlen Roosevelt	550 Route 202-206 Bedminster, New Jersey 07921
R.V. Whisnand	550 Route 202-206 Bedminster, New Jersey 07921
John Winthrop	550 Route 202-206 Bedminster, New Jersey 07921

ARTICLE IV

The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which corporations may be organized under the New Jersey Business Corporation Act.

ARTICLE V

The total number of shares of stock which the Company shall have authority to issue consists of 30,000,000 shares of common stock and 5,000,000 shares of preferred stock. Shares of the Company shall not be subject to preemptive rights unless otherwise determined by the Board of Directors pursuant to the authority granted by the provisions of Article VI.

ARTICLE VI

The relative rights, preferences and limitations of a share of each class shall be as follows:

(a) Common Stock.

Each holder of a common stock shall be entitled upon all matters voted upon by the Shareholders to one vote for each share of common stock standing in such shareholder's name.

The common stock is subject to all the powers, rights, privileges, preferences and priorities of the preferred stock as are stated and expressed herein and as shall be stated and expressed in any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly granted to and vested in it by the provisions of this Article VI.

(b) Preferred Stock.

The Board of Directors is authorized subject to limitations prescribed by law and the provisions of this paragraph to provide for the issuance of additional shares of preferred stock, in one or more series and, by filing a certificate pursuant to the applicable law of New Jersey, to

establish from time to time the number of shares of be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(1) The number of shares constituting such series and the distinctive designation of such series;

(2) The dividend rate on the shares of such series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of such series;

(3) Whether the shares of such series shall have voting rights in addition to any voting rights that may be provided by law and, if so, the terms of such voting rights;

(4) Whether the shares of such series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustments of the conversion rate in such events as the Board of Directors shall determine;

(5) Whether or not the shares of such series shall be redeemable, and, if so, the terms and conditions of redemption, including the date or dates upon or after which the shares of such series shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(6) Whether the shares of such series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(7) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment of shares of such series;

(8) Any other relative rights, preferences and limitations of such series.

ARTICLE VII

(a) Except as otherwise fixed pursuant to Article VI relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation, or to elect additional Directors under specified circumstances, the Board of Directors shall consist of not less than eight (8) nor more than twenty-five (25) persons; provided, however, that the authorized number of Directors may be changed to any number between eight (8) and twenty-five (25) from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

(b) The Directors (other than those who may be elected by the holders of any class or series of preferred stock having a preference over common stock as to dividends or upon liquidation) shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, one class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1992, another class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1993, and another class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1994, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of the Shareholders of the Company, the successors to the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of Shareholders held in the third year following the year of their election. The election of Directors need not be by ballot.

(c) Except as otherwise fixed pursuant to the provisions of Article VI relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation to elect Directors under specified circumstances, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the Directors then in office, though less than a quorum of the Board of Directors. If any applicable provision of New Jersey law expressly confers power on Shareholders to fill such a directorship at a special meeting of Shareholders, such a directorship may be filled at such a meeting only by the affirmative vote of at least 75 percent of the then-outstanding shares of the voting stock, voting together as a single class (it being understood that for all purposes of this Article VII and Article XI, each share of the voting stock shall have the number of votes granted to it pursuant to Article VI or any resolution or resolutions of the Board of Directors pursuant to authority expressly granted to and vested in it by the provisions of Article VI). Any Director elected in accordance with the two preceding sentences shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been elected and qualified. No decrease in the number of authorized Directors constituting the entire Board of Directors shall shorten the term of any incumbent Director.

(d) Subject to the rights of the holders of any class or series of preferred stock having preference over the common stock as to dividends or upon liquidation or to elect Directors under specified circumstances, any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative

vote of the holders of at least 75 percent of all of the then-outstanding shares of the voting stock, voting together as a single class. The Company must notify the Director of the grounds of his impending removal and the Director shall have an opportunity, at the expense of the Company, to present his defense to the Shareholders by a statement which accompanies or precedes the Company's solicitation of proxies to remove him.

ARTICLE VIII

Any action required or permitted to be taken by the Shareholders of the Company must be effected at an annual or special meeting of Shareholders of the Company or may be taken without a meeting if all the Shareholders entitled to vote thereon consent thereto in writing.

ARTICLE IX

Except as otherwise required by law and subject to the rights of the holders of any class or any series of preferred stock having a preference over the common stock as to dividends or upon liquidation, special meetings of Shareholders of the Company may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

ARTICLE X

(a) A Director or officer of the Company shall not be personally liable to the Company or its Shareholders for monetary damages for breach of fiduciary duty as Director or officer, as the case may be, except to the extent that such exemption from liability or limitation of liability is not permitted under the New Jersey Business Corporation Act as currently in effect or as subsequently amended. No amend-

ment to or repeal of this Article X and no amendment to or repeal or termination of effectiveness of any law permitting the exemption from or limitation of liability provided for in this Article X shall apply to or have any effect on the liability or alleged liability of any Director or officer for or with respect to any acts or omissions of that director or officer occurring prior to such amendment, repeal or termination of effectiveness.

(b)(1) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person or anyone for whom such person is the legal representative, is or was a Director or officer of the Company or is or was serving at the request of the Company as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity as a Director, officer, employee or agent or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the New Jersey Business Corporation Act or any other law, as the same exists or may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of

his or her heirs, executors and administrators; provided, however, that, except as provided in this paragraph (b), the Company shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Company. The right to indemnification conferred in this paragraph (b) shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the New Jersey Business Corporation Act requires, the payment of such expenses incurred by a Director or officer in his or her capacity as a Director or officer of the Company (and not in any other capacity in which service was or is rendered by such person while a Director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced unless is shall ultimately be determined that such Director or officer is entitled to be idemnified under this Section or otherwise. The Company may, by action of its Board of Directors, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under subparagraph (b)(1) is not paid in full by the Company within 30 days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or part, the claimant shall be entitled to be paid also the expense (including, without limitation, reasonable attorney fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses

incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the New Jersey Business Corporation Act for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its Shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the claimant has met the applicable standard of conduct set forth in the New Jersey Business Corporation Act nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its Shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of Shareholders or disinterested Directors or otherwise.

(4) Insurance. The Company may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the New Jersey Business Corporation Act.

ARTICLE XI

(a) The Company reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon Shareholders herein are granted subject to this reservation. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the voting stock required by law or this Certificate of Incorporation, the affirmative vote of the holders of at least 75 percent of all of the then-outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend or repeal Articles VI, VII, VIII, IX, X or this Article XI, or any provision thereof, or any provision of the By-Laws of the Company which is to the same effect as the aforesaid Articles.

(b) Except as set forth in the final sentence of this subsection (b), the By-Laws of the Company may be altered, amended or repealed by the affirmative vote of a majority of the entire Board of Directors then in office. The By-Laws of the Company may also be altered, amended or repealed by the Shareholders, but only by an affirmative vote of the holders of at least 75 percent of all the then-outstanding shares of the voting stock, voting together as a single class. Any By-Law may provide that it may only be altered, amended or repealed by the affirmative vote of the holders of at least 75 percent of all the then-outstanding shares of the voting stock, voting together as a single class, in which event such By-Law may only be altered, amended or repealed by such vote.

3. The date of the adoption of the amended and restated Certificate of Incorporation by the Shareholders was March 12, 1991.

4. The total number of shares outstanding as of February 4, 1991 and entitled to vote thereon was 6,247,001.

5. The number of shares which voted for the amended and restated Certificate of Incorporation was 3,596,401 of 4,727,618 votes cast.

NUI CORPORATION

Dated: March 12, 1991

JOHN KEAN, PRESIDENT

MG B

FILED

APR 19 1994

LONNA R. HOOKS
Secretary of State

0914522

CERTIFICATE OF MERGER

OF

ELIZABETHTOWN GAS COMPANY

WITH AND INTO

NUI CORPORATION

To the Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:10-5.1 of the New Jersey Business Corporation Act (the "NJBCA"), the undersigned corporation hereby certifies that:

1. The name of the surviving corporation is NUI Corporation, which is a corporation organized under the laws of the State of New Jersey ("NUI") and the name of the merged corporation is Elizabethtown Gas Company, which is a corporation organized under the laws of the State of New Jersey and a wholly-owned subsidiary of NUI ("EGC").

2. NUI will continue its existence as the surviving corporation under its current name and certificate of incorporation pursuant to the provisions of the NJBCA.

3. Annexed hereto and made a part hereof is the Plan of Merger and Liquidation, dated July 27, 1993, of EGC with and into NUI (the "Plan of Merger") which was approved by the Board of Directors of NUI on July 27, 1993.

4. Pursuant to Section 14A:10-5.1(1) of the NJBCA, no vote of the shareholders of either NUI or EGC was required in connection with the aforesaid Plan of Merger.

5. The number of outstanding shares of common stock, no par value, of EGC (the only outstanding capital stock of EGC) is 1,040,164 shares, all of which are owned by NUI.

DOC #22129014

6420837500 5-110913

IN WITNESS WHEREOF, the undersigned corporation has caused this Certificate of Merger to be executed in its name by a duly authorized officer as of the 19th. day of April, 1994.

NUI CORPORATION

By: Bernard F. Lenihan
Bernard F. Lenihan
Vice President

PLAN OF MERGER AND LIQUIDATION

of

ELIZABETHTOWN GAS COMPANY

with and into

NUI CORPORATION

PLAN OF MERGER AND LIQUIDATION OF ELIZABETHTOWN GAS COMPANY WITH AND INTO NUI CORPORATION (the Plan"), dated July 27, 1993, by and between NUI CORPORATION, a New Jersey corporation (the "Parent"), and ELIZABETHTOWN GAS COMPANY, a New Jersey corporation (the "Company").

WHEREAS, the respective Boards of Directors of the Parent and Pennsylvania & Southern Gas Company, a Delaware corporation ("PSGS") have approved the merger of PSGS into the Parent (the "PSGS Merger");

WHEREAS, in connection with the PSGS Merger, the Parent and PSGS have executed and delivered an Agreement and Plan of Merger, dated July 27, 1993, by and between the Parent and PSGS (the "Merger Agreement");

WHEREAS, the Merger Agreement provides that at the effective time of the PSGS Merger or immediately thereafter, the Company shall be merged into the Parent;

WHEREAS, pursuant to Section 14A:10-5.1 of the New Jersey Business Corporation Act (the "NJBCA"), the Board of Directors of the Parent has approved the Plan;

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, the following shall constitute the Plan:

ARTICLE 1

MERGER OF THE COMPANY INTO THE PARENT

1.1. The Merger. At the Effective Time (as defined below), subject to the terms and conditions of this Plan, and in accordance with the NJBCA, the Company shall be merged with and into the Parent (the "Merger"), the separate existence of the Company (except as may be continued by operation of law) shall cease and the Parent shall continue as the surviving corporation (the "Surviving Corporation"). The Merger shall have the effects set forth herein and the effects set forth in the applicable provisions of the NJBCA.

1.2. Effective Time of the Merger. At the effective time of the PSGS Merger or immediately thereafter, the Parent shall cause the Merger to be consummated by filing with the Secretary of State of the State of New Jersey a certificate of merger relating to the Merger, in such form as required by, and executed in accordance with, the NJBCA. The time of such filing or the

other time, if any, set forth in the certificate of merger is referred to herein as the "Effective Time".

1.3. Effects of the Merger. (a) At the Effective Time, the separate existence of the Company shall cease and the Company shall be merged with and into the Parent as the Surviving Corporation.

(b) At the Effective Time, the Articles of Incorporation and By-Laws of the Parent as in effect immediately prior to the Effective Time of the Merger shall be the Articles of Incorporation and By-Laws of the Surviving Corporation until further amended thereafter in accordance with applicable law.

(c) At the Effective Time, the Board of the Parent shall constitute the Board of the Surviving Corporation and the officers of the Parent shall constitute the officers of the Surviving Corporation.

(d) From and after the Effective Time, the Merger shall have all the effects provided by applicable law.

1.4. Effect on Parent and Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company or the Parent or the holder of any of the following securities:

(a) Each share of Common Stock, no par value, of Parent issued and outstanding immediately prior to the Effective Time shall remain unchanged.

(b) Each share of Common Stock, par value $10 per share, of the Company ("Company Common Stock"), issued and outstanding immediately prior to the Effective Time or which immediately prior to the Effective Time is owned directly or indirectly in the treasury of the Company shall be cancelled and retired, and no payment shall be made with respect thereto.

ARTICLE 2

PLAN OF LIQUIDATION

2.1. Plan of Liquidation. This Plan shall also constitute a plan of liquidation of the Company within the meaning of Section 332 of the Internal Revenue Code of 1986, as amended (the "Code") and the approval of the Merger by the Board of Directors of the Parent shall also constitute the adoption of this plan of liquidation. The Merger shall also constitute the complete liquidation of the Company and the distribution of all of its property to the Parent in cancellation of all of the Company's stock, each within the meaning of Section 332 of the Code.

ARTICLE 3

CONDITIONS

3.1. Conditions to Effect the Merger. The consummation of the Merger shall be subject to the fulfillment of the following conditions:

(a) The conditions to the obligation of the Parent to effect the PSGS Merger pursuant to the Merger Agreement shall have been satisfied or waived by the Parent; and

(b) The PSGS Merger as contemplated by the Merger Agreement shall have been consummated.

ARTICLE 4

TERMINATION AND AMENDMENT

4.1. Termination. This Plan shall be terminated automatically at any time prior to the Effective Time if the Merger Agreement is terminated.

4.2. Effect of Termination. In the event of termination of this Plan as provided in Section 4.1, this Plan shall be of no further force or effect and there shall be no liability on the part of any party with respect thereto.

4.3. Amendment. This Plan may not be amended except by an instrument in writing approved by the Board of Directors of the Parent.

ARTICLE 5

GENERAL PROVISIONS

5.1. Headings. The headings contained in this Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of this Plan.

5.2. Governing Law. This Plan shall be governed by the internal laws of the State of New Jersey (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters.

5.3. Third-Party Beneficiaries. This Plan is not intended to confer upon any person or entity other than the Parent and the Company any rights or remedies hereunder.

MG13

CERTIFICATE OF MERGER

OF

PENNSYLVANIA & SOUTHERN GAS COMPANY

WITH AND INTO

NUI CORPORATION

FILED

APR 19 1994

LONNA R. HOOKS
Secretary of State

6914525

To the Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:10-7 of the New Jersey Business Corporation Act (the "NJBCA"), the undersigned corporations hereby certify that:

1. The name of the surviving corporation is NUI Corporation, which is a corporation organized under the laws of the State of New Jersey ("NUI"), and the name of the merged corporation is Pennsylvania & Southern Gas Company, which is a corporation organized under the laws of the State of Delaware ("PSGS").

2. NUI will continue its existence as the surviving corporation under its current name and current certificate of incorporation pursuant to the provisions of the NJBCA.

3. Annexed hereto and made a part hereof is the Agreement and Plan of Merger, dated July 27, 1993, by and between PSGS and NUI (the "Plan of Merger") as approved by the Board of Directors of each of said corporations on July 27, 1993 and by the stockholders of PSGS on February 10, 1994.

4. The number of shares of PSGS common stock, par value of $1.25 per share, entitled to vote on the Plan of Merger was 235,857, of which 197, 545 shares voted for the Plan of Merger and 1,270 shares voted against the Plan of Merger.

5. The Plan of Merger was approved by the Board of Directors of NUI. Pursuant to Section 14A:10-3(4) of the NJBCA, no vote of the shareholders of NUI was required in connection with the Plan of Merger.

DOC #22128999

6420837500 5-110913

6. The applicable provisions of the laws of the State of Delaware relating to the merger of PSGS with and into NUI pursuant to the Plan of Merger, upon compliance with filing and recording requirements thereof, will have been complied with.

IN WITNESS WHEREOF, each of the undersigned corporations has caused this Certificate of Merger to be executed in its name by a duly authorized officer as of the 19th day of April, 1994.

PENNSYLVANIA & SOUTHERN GAS COMPANY

By: _____
Lyle C. Motley, Jr.
President and Chief Executive Officer

NUI CORPORATION

By: _____
Bernard F. Lenihan
Vice President

Annex

AGREEMENT AND PLAN OF MERGER

by and between

NUI CORPORATION

and

PENNSYLVANIA & SOUTHERN GAS COMPANY

Dated July 27, 1993

#Z2107558

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (the "Agreement"), dated July 27, 1993, by and between NUI CORPORATION, a New Jersey corporation (the "Purchaser"), and PENNSYLVANIA & SOUTHERN GAS COMPANY, a Delaware corporation (the "Company").

WHEREAS, the respective Boards of Directors of the Purchaser and the Company have approved the acquisition of the Company and its subsidiaries by the Purchaser;

WHEREAS, in furtherance of such acquisition, the respective Boards of Directors of the Purchaser and the Company have determined that it is advisable to merge the Company with and into the Purchaser as the surviving corporation, and have approved such merger pursuant and subject to the terms and conditions of this Agreement, with the result that each outstanding share of Company Common Stock (as hereinafter defined), not owned directly or indirectly by the Purchaser, shall be converted into the right to receive shares of Surviving Common Stock (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.1 and in the preamble to this Agreement shall have the meanings herein and therein specified for all purposes of this Agreement.

"Affiliate" of a specified Person shall mean any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Person specified.

"Agreement" shall have the meaning set forth in the first paragraph of this Agreement.

"Antitrust Division" shall mean the federal Antitrust Division of the Department of Justice.

"Average Market Price" shall have the meaning set forth in Section 3.1(c).

"Board" shall mean the Board of Directors of the Company, the Purchaser or the Surviving Corporation, as the context requires.

"Certificate" or "Certificates" shall mean each certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock.

"Closing" shall have the meaning set forth in Section 2.4.

"Closing Date" shall have the meaning set forth in Section 2.4.

"Code" shall mean the federal Internal Revenue Code of 1986, as amended.

"Company" shall have the meaning set forth in the first paragraph of this Agreement.

"Company Common Stock" shall mean the common stock, par value of $1.25 per share, of the Company.

"Company Plans" shall have the meaning set forth in Section 5.9(a).

"Company Reports" shall have the meaning set forth in Section 5.6.

"DGCL" shall mean the General Corporation Law of the State of Delaware.

"Dissenting Shares" and "Dissenting Shareholder" shall have the respective meanings set forth in Section 3.2(a).

"Effective Time" shall have the meaning set forth in Section 2.2.

"EGC" shall mean Elizabethtown Gas Company, a New Jersey corporation and a wholly-owned subsidiary of the Purchaser.

"EGC Common Stock" shall mean the common stock, no par value, of EGC.

"EGC Merger" shall have the meaning set forth in Section 2.1.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" shall mean the federal Securities Exchange Act of 1934.

"Exchange Agent" shall mean that bank or trust company authorized by the Purchaser to receive the shares of Surviving Common Stock to be issued in the Merger pursuant to Section 3.4(a).

"FERC" shall mean the Federal Energy Regulatory Commission.

"FTC" shall mean the Federal Trade Commission.

"Governmental Entity" shall mean any United States federal, state or local government (including the District of Columbia), governmental or regulatory authority, governmental or regulatory body, governmental or regulatory agency or any court or other judicial authority.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"ISRA" shall mean the New Jersey Industrial Site Recovery Act.

"Letter of Intent" shall mean the Letter of Intent, dated June 24, 1993, between the Company and the Purchaser.

"Licensed Software" shall have the meaning set forth in Section 5.18.

"Material Adverse Effect" with respect to a Person shall mean a material adverse effect on the business, financial (or other) condition, results of operations or prospects of such Person.

"Merger" shall have the meaning set forth in Section 2.1.

"Merger Consideration" shall have the meaning set forth in Section 3.1(c).

"NJBCA" shall mean the New Jersey Business Corporation Act.

"NJPUL" shall mean the New Jersey Public Utility Law.

"NYSE" shall mean the New York Stock Exchange, Inc.

"Officer" and "Officers" shall have the respective meanings set forth in Section 7.5(d).

"Owned Software" shall have the meaning set forth in Section 5.18.

"Person" shall mean any individual, corporation, association, company, partnership, joint venture, joint-stock company, trust, unincorporated organization, Governmental Entity or other entity.

"Plans" shall mean any bonus, deferred compensation, pension, profit-sharing, retirement, insurance, stock purchase, stock option, or other fringe benefit plan, arrangement, understanding or practice, or any other employee benefit plan (as defined in section 3(3) of ERISA), whether formal or informal.

"Proxy Statement" shall have the meaning set forth in Section 5.10.

"Public Utility Laws" shall mean the Pennsylvania, North Carolina, Maryland and New York public utility laws applicable to the transactions contemplated hereby.

"PUHCA" shall mean the federal Public Utility Holding Company Act of 1935.

"Purchaser" shall have the meaning set forth in the first paragraph of this Agreement.

"Purchaser Common Stock" shall mean the common stock, no par value, of the Purchaser.

"Purchaser Reports" shall have the meaning set forth in Section 4.8.

"Registration Statement" shall have the meaning set forth in Section 5.10.

"SEC" shall mean the federal Securities and Exchange Commission.

"Securities Act" shall mean the federal Securities Act of 1933.

"Shareholders Meeting" shall have the meaning set forth in Section 7.2.

"Subsidiary" of any corporation, partnership or other entity (each, a "Parent") shall mean any other corporation, partnership or other entity in which the Parent, one or more Subsidiaries of the Parent or the Parent and one or more other Subsidiaries of the Parent own capital stock or other indicia of ownership representing fifty percent or more of the capital stock or other indicia of ownership of such corporation, partnership or other entity.

"Surviving Common Stock" shall mean the common stock, no par value, of the Surviving Corporation.

"Surviving Corporation" shall have the meaning set forth in Section 2.1.

"Tax" shall include all federal, state, local and foreign net income, gross income, gross receipts, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, stamp, occupation, property, custom duty and other taxes, governmental charges or like assessments or fees of any kind whatsoever, together with interest and any penalty, addition to tax or additional amount imposed thereon of any nature whatsoever.

"Third-Party Beneficiary" shall have the meaning set forth in Section 10.5.

1.2. Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". Whenever the words "transactions contemplated

hereby" are used in this Agreement, they shall be deemed to include the EGC Merger. Whenever the words "to the best knowledge" are used in this Agreement, they shall mean (a) in the case of the Company, the best knowledge of the Executive Committee of the Company's Board and the officers of the Company identified in paragraphs (c) and (d) of Section 7.5 and (b) in the case of the Purchaser, the best knowledge of the Executive Committee of the Purchaser's Board and the President and any Vice President of the Purchaser. Where the context so requires, the masculine gender shall be construed to include the female and the neuter gender, and the singular shall be construed to include the plural and the plural the singular.

ARTICLE 2

MERGER OF THE COMPANY INTO THE PURCHASER

2.1. The Merger. At the Effective Time, subject to the terms and conditions of this Agreement and in accordance with the DGCL and the NJBCA, the Company shall be merged with and into the Purchaser (the "Merger"), the separate existence of the Company (except as may be continued by operation of law) shall cease and the Purchaser shall continue as the surviving corporation (the "Surviving Corporation"). At the Effective Time or immediately thereafter on the day of the Effective Time, EGC shall be merged with and into the Surviving Corporation (the "EGC Merger"). The Merger shall have the effects set forth herein and the effects set forth in the applicable provisions of the DGCL and the NJBCA.

2.2. Effective Time of the Merger. At the Closing or as soon as practical thereafter, the parties shall cause the Merger to be consummated by filing with the Secretary of State of the State of Delaware, a certificate of merger relating to the Merger, in such form as required by, and executed in accordance with, the DGCL, and by filing with the Secretary of State of the State of New Jersey a certificate of merger relating to the Merger, in such form as required by, and executed in accordance with, the NJBCA. The time of the later of such filings or the other time, if any, set forth in the certificates of merger is referred to herein as the "Effective Time".

2.3. Effects of the Merger. (a) At the Effective Time, the separate existence of the Company shall cease and the Company shall be merged with and into the Purchaser as the Surviving Corporation. At the Effective Time or immediately thereafter, EGC shall be merged with and into the Surviving Corporation.

(b) At the Effective Time, the Articles of Incorporation and By-Laws of the Purchaser as in effect immediately prior to the Effective Time of the Merger shall be the Articles of Incorporation and By-Laws of the Surviving Corporation until further amended thereafter in accordance with applicable law.

(c) At the Effective Time, the Board of the Purchaser shall constitute the Board of the Surviving Corporation and the officers of the Purchaser shall constitute the officers of the Surviving Corporation.

(d) From and after the Effective Time, the Merger shall have all the effects provided by applicable law.

(e) At the effective time of the EGC Merger, (i) the Articles of Incorporation and By-Laws of the Surviving Corporation as in effect immediately prior to the EGC Merger shall be the Articles of Incorporation and By-Laws of the surviving corporation of the EGC Merger until further amended thereafter in accordance with applicable law, (ii) the Board of the Surviving Corporation shall constitute the Board of the surviving corporation of the EGC Merger and (iii) the officers of the Surviving Corporation shall constitute the officers of the surviving corporation of the EGC Merger.

2.4. Closing. The Company and the Purchaser shall communicate and consult with each other with respect to the fulfillment of the various conditions to their obligations under this Agreement. The exchange of the certificates, opinions and other documents contemplated in connection with the consummation of the Merger (the "Closing") shall take place at the offices of the Purchaser, on (a) the fifth business day after which all of the conditions to the Closing have been satisfied or waived or (b) such other place or date as may be agreed upon by the parties. The date on which the Closing occurs is referred to herein as the "Closing Date". In the event that at the Closing no party exercises any right it may have to terminate this Agreement and no condition to the obligations of the parties exists that has not been satisfied or waived, the parties shall (i) deliver to each other the certificates, opinions and other documents required to be delivered under Article 8 and (ii) at the Closing or as soon thereafter as possible, consummate the Merger by filing the documents contemplated by Section 2.2.

ARTICLE 3

EFFECTS OF THE MERGER ON PURCHASER AND COMPANY COMMON STOCK; EXCHANGE OF CERTIFICATES

3.1. Effect on Purchaser and Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company or the Purchaser or the holder of any of the following securities:

(a) Each share of Purchaser Common Stock issued and outstanding immediately prior to the Effective Time shall remain unchanged.

(b) Each share of Company Common Stock which immediately prior to the Effective Time is owned directly or indirectly in the treasury of the Company, by any direct or indirect Subsidiary of the Company or by the Purchaser or any direct or indirect Subsidiary of the Purchaser shall be cancelled and retired, and no payment shall be made with respect thereto.

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock to be cancelled pursuant to Section 3.1(b) and Dissenting Shares) shall be converted into the right to receive the

number of shares of Surviving Common Stock, or fraction thereof rounded to the nearest .0001 of a share of Surviving Common Stock, equal to the number determined by dividing (i) $71.50 by (ii) the arithmetic average of the daily closing price per share of Purchaser Common Stock for the twenty trading days immediately prior to the Closing Date as reported on the composite tape of the NYSE (the "Average Market Price"); provided, that if the applicable number of shares of Surviving Common Stock to be exchanged for each share of Company Common Stock in the Merger is equal to or greater than 3.0 shares, the number of shares of Surviving Common Stock exchanged for each share of Company Common Stock in the Merger shall be equal to 3.0 shares, provided, further, that if the applicable number of shares of Surviving Common Stock to be exchanged for each share of Company Common Stock in the Merger is equal to or less than 2.4 shares, the number of shares of Surviving Common Stock exchanged for each share of Company Common Stock in the Merger shall be equal to 2.4 shares (the "Merger Consideration"). In the event that during the period commencing on the date of this Agreement and ending on the Closing Date, the Purchaser takes any of the following actions: (i) pays a dividend or makes a distribution on Purchaser Common Stock, in each case, in shares of Purchaser Common Stock; (ii) subdivides the outstanding shares of Purchaser Common Stock into a greater number of shares, or (iii) combines the outstanding shares of Purchaser Common Stock into a smaller number of shares, the maximum and minimum number of shares of Purchaser Common Stock issuable as Merger Consideration, as set forth in the first and second provisos, respectively, of the immediately preceding sentence of this Section 3.1(c), shall on the effective date of such action, each be adjusted by multiplying such number by a fraction (A) the numerator of which shall be the number of shares of Purchaser Common Stock outstanding immediately following such action and (B) the denominator of which shall be the number of shares of Purchaser Common Stock outstanding immediately prior to such action.

3.2. Dissenting Shares. (a) Notwithstanding any provision of this Agreement other than Section 3.2(b) to the contrary, any shares ("Dissenting Shares") of Company Common Stock held by a holder who has demanded and perfected his or her right to receive payment for the fair value of his or her shares in accordance with Section 262 of the DGCL (a "Dissenting Shareholder"), and as of the Effective Time has not effectively withdrawn or lost his or her right to receive payment for the fair value of his or her shares, shall not be converted into or represent a right to receive the Merger Consideration as otherwise provided in this Article 3, but the holder thereof shall only be entitled to such rights as are granted by Section 262 of the DGCL.

(b) Notwithstanding the provisions of Section 3.2(a), if any holder of shares of Company Common Stock who demands the right to receive payment for the fair value of his or her shares under the DGCL shall effectively withdraw or lose (through failure to perfect or otherwise) his or her right to receive payment for the fair value of his or her shares of Company Common Stock, then as of the Effective Time or the occurrence of such event, whichever last occurs, such holder's shares of Company Common Stock shall automatically be converted into and represent only the right to receive the Merger Consideration as otherwise provided in this Article 3.

3.3. Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of shares of Company Common Stock thereafter on the records of the Company. If, after the Effective Time,

Certificates are presented to the Surviving Corporation, they shall be cancelled and exchanged for the Merger Consideration as provided in this Article 3 (unless such Certificates represent Dissenting Shares).

3.4. Exchange of Shares of Company Common Stock. (a) At the Effective Time, the Surviving Corporation shall cause to be deposited with the Exchange Agent that number of shares of Surviving Common Stock to be issued in the Merger as contemplated by Section 3.1(c). The Exchange Agent shall agree to hold such shares in trust and deliver such shares as contemplated by Section 3.1 and upon such additional terms as may be agreed upon by the Exchange Agent, the Company and the Purchaser prior to the Effective Time.

(b) As promptly as practicable after the Effective Time, the Surviving Corporation shall mail or cause the Exchange Agent to mail to each holder of outstanding Company Common Stock of record as of the Effective Time (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the shares of Company Common Stock shall pass, only upon proper delivery of the Certificates representing such shares of Company Common Stock to the Exchange Agent and shall be in such form and have such other provisions as the Purchaser and the Company may reasonably specify) and (ii) instructions for use in effecting the exchange of the Certificates for payment therefor as hereinabove provided. Upon surrender to the Exchange Agent of a Certificate, together with such letter of transmittal duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor certificates registered in the name of such holder representing the number of whole shares of Surviving Common Stock into which any shares of Company Common Stock previously represented by the surrendered Certificate shall have been converted at the Effective Time (plus a check payable to such holder representing the payment of cash in lieu of fractional shares of Surviving Common Stock determined as set forth in Section 3.4(e)). Until surrendered as contemplated by the preceding sentence, each Certificate (other than Certificates representing shares of Company Common Stock cancelled pursuant to Section 3.1(b) and Dissenting Shares) that immediately prior to the Effective Time shall have represented any shares of Company Common Stock shall be deemed at and after the Effective Time to represent only the right to receive upon such surrender, the certificates of Surviving Common Stock contemplated by the preceding sentence, and such Certificate shall then be cancelled. No interest will be paid or accrued on the cash payable, if any, upon the surrender of the Certificate.

(c) If any certificates representing shares of Surviving Common Stock is to be paid to or issued in a name other than the Person in whose name the Certificate surrendered is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the Person requesting such payment shall (i) pay transfer or other Taxes required by reason of the issuance of a certificate representing shares of Surviving Common Stock in any name to a Person other than the registered holder of the Certificate surrendered or (ii) establish to the satisfaction of the Surviving Corporation that such Tax has been paid or is not applicable.

(d) Any instruments remaining with the Exchange Agent eighteen months following the Effective Time shall be returned to the Surviving Corporation, after which time

former shareholders of the Company, subject to applicable law, shall look only to the Surviving Corporation for payment of the Merger Consideration due hereunder, without interest thereon.

(e) No certificates or scrip representing fractional shares of Surviving Common Stock shall be issued upon the surrender for exchange of Certificates. No dividend or distribution of the Surviving Corporation shall relate to any fractional share and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of the Surviving Corporation. In lieu of any fractional share of Surviving Common Stock, there shall be paid to each holder of shares of Company Common Stock entitled to a fractional share of Surviving Common Stock an amount of cash, without interest, determined by multiplying such fraction by the Average Market Price. No such payment shall be made to the holder of any unsurrendered Certificates until such Certificates shall be surrendered as provided herein.

(f) No dividends or other distributions declared after the Effective Time with respect to Surviving Common Stock and payable to the holders of record thereof after the Effective Time shall be paid to the holder of any unsurrendered Certificates with respect to which the shares of Surviving Common Stock shall have been issued in the Merger until such Certificates shall be surrendered as provided herein, but (i) upon such surrender there shall be paid to the shareholder in whose name certificates representing Surviving Common Stock shall be issued the amount of dividends theretofore paid with respect to such whole shares of Surviving Common Stock as of any record date subsequent to the Effective Time and (ii) at the appropriate payment date, or as soon as practicable thereafter, there shall be paid to such shareholder the amount of dividends with a record date on or after the Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole shares of Surviving Common Stock, subject in any case to any applicable escheat laws. No interest shall be payable with respect to the payment of such dividends on surrender of outstanding Certificates.

(g) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed, the Surviving Corporation will issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration deliverable in respect thereof in accordance with this Article 3. When authorizing such issuance of the Merger Consideration in exchange therefor, the Board of the Surviving Corporation may, in its reasonable discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificate to give the Surviving Corporation a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against the Surviving Corporation with respect to the Certificate alleged to have been lost, stolen or destroyed.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Company as follows:

4.1. Corporate Status. Each of the Purchaser and EGC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New Jersey and has the corporate power and authority to carry on its business as now being conducted. Each of the Purchaser and EGC is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the properties owned, leased or operated, or the businesses conducted, by it require such qualification, except for such failures to be qualified or to be in good standing, if any, which when taken together with all such other failures of the Purchaser and EGC have not had and, so far as can be reasonably foreseen at this time, will not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole. The Purchaser has previously delivered to the Company complete and correct copies of its Articles of Incorporation, as amended, and By-Laws, as amended.

4.2. Capitalization of the Purchaser. The authorized capital stock of the Purchaser consists of 15,000,000 shares of Purchaser Common Stock and 5,000,000 shares of preferred stock. As of June 30, 1993, (a) 8,167,525 shares of Purchaser Common Stock were issued and outstanding, (b) 49,539 shares of Purchaser Common Stock were held in the treasury of the Purchaser or owned by any Subsidiary of the Purchaser and (c) 266,674 shares of Purchaser common stock were reserved for issuance pursuant to Purchaser's employee benefit plans (including stock option plans) and the Purchaser's dividend reinvestment and stock purchase plan. There are no issued or outstanding shares of preferred stock of the Purchaser. All outstanding shares of Purchaser Common Stock are validly issued, fully paid and nonassessable. The shares of Surviving Common Stock to be issued in the Merger pursuant to Article 3 will, at the Effective Time, be duly authorized, and when issued pursuant to this Agreement, will be validly issued, fully paid and nonassessable and will not have been issued in violation of any preemptive rights. Except for this Agreement and as disclosed in this Section 4.2, there are no outstanding subscriptions, securities, options, warrants, rights or other agreements or commitments to which the Purchaser or any Subsidiary is a party that (i) calls for the issuance, sale or disposition of any shares of capital stock of the Purchaser or any Subsidiary or any securities convertible into, or other rights to acquire, any shares of capital stock of the Purchaser or any Subsidiary, other than the obligations and commitments of any Subsidiary to issue shares of its capital stock to the Purchaser, or (ii) relates to the voting of such capital stock, securities or rights.

4.3. EGC Common Stock. All of the outstanding shares of EGC Common Stock are owned by the Purchaser free and clear of all liens, claims, agreements or encumbrances except as set forth on Schedule 4.3 hereto.

4.4. Authority; Binding Effect. The Purchaser has the corporate power to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Purchaser and EGC (except on the date hereof, for any corporate action required under the NJBCA in connection with the EGC Merger). Assuming the filings, consents and approvals contemplated by this Agreement are obtained or made, neither the Purchaser nor EGC is subject to or obligated under any provision of (a) its Articles of Incorporation, as amended, or its By-Laws, as amended, (b) except as set forth on Schedule 4.4 hereto, any contract, agreement, license, franchise, permit or other instrument or (c) any law, statute, ordinance, rule, regulation, order, judgment, decree or injunction, which would be breached or violated by the Purchaser's execution, delivery and performance of this Agreement or the performance of the transactions contemplated hereby other than, with respect to the foregoing clauses (b) and (c), such breaches and violations which in the aggregate (i) will not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole or will be cured, waived or terminated prior to the Effective Time and (ii) will not impair the ability of the Purchaser or EGC to perform its obligations hereunder and under the other instruments and documents required or contemplated by this Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes the valid and binding agreement of the Purchaser enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, reorganization or affecting creditors' rights generally and except to the extent that injunctive or other equitable relief is within the discretion of a court.

4.5. Consents. Other than in connection or in compliance with (a) the HSR Act, (b) the filing with the SEC of (i) the Registration Statement and (ii) reports under the Exchange Act, (c) filings under state securities laws, (d) the filing of a certificate of merger with the Secretary of State of the State of Delaware, the filing of certificates of merger with the Secretary of State of the State of New Jersey and appropriate documents with the relevant authorities of other states in which the Company, the Purchaser or EGC is qualified to do business, (e) the DGCL, (f) the Public Utility Laws, (g) the Delaware anti-takeover laws applicable to the Merger, (h) the NJBCA, (i) the NJPUL, (j) the PUHCA, (k) ISRA, (l) environmental laws of the States of North Carolina, Pennsylvania, Maryland and New York, (m) statutes and regulations administered by FERC and (n) the transfer of EGC's franchises and the Company's franchises to the Purchaser, no consent, license, permit, approval, order or authorization of, or filing with, any Governmental Entity is required to be obtained or made by the Purchaser or any Subsidiary, in connection with the execution, delivery or performance by the Purchaser and EGC of this Agreement and the instruments and documents required to be executed by them pursuant hereto or the consummation by Purchaser and EGC of the transactions contemplated hereby, other than those which the failure to obtain or make would not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.6. Information Provided. None of the information supplied by the Purchaser or any of its Subsidiaries, included or incorporated by reference in the Registration Statement or the Proxy Statement will, (a) at the date the Registration Statement or any post-effective amendment thereof becomes effective, (b) at the date the Proxy Statement is mailed to the shareholders of the Company, (c) at the date of the Shareholders Meeting of the Company and (d) at all other times subsequent to such effectiveness, mailings or meetings up to and including the Effective Time,

contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

4.7. Absence of Material Adverse Effect. Except as disclosed in the Purchaser Reports, or except as contemplated by this Agreement, since September 30, 1992, there has not been any Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.8. SEC Filings; Financial Statements. The Purchaser has heretofore delivered to the Company, and made available to the Company the Exhibits to, (a) the Purchaser's Annual Reports on Form 10-K for the fiscal years ended September 30, 1992, 1991 and 1990, (b) the Purchaser's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993 and December 31, 1992 and (c) each prospectus, definitive proxy statement, report and other filing filed by the Purchaser with the SEC since September 30, 1992 and prior to the date hereof (collectively, the "Purchaser Reports") pursuant to the Securities Act or the Exchange Act. Since September 30, 1992, the Purchaser has filed with the SEC all reports and registration statements and all other filings required to be filed by it with the SEC pursuant to the Securities Act and the Exchange Act. As of their respective dates, the Purchaser Reports did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited and unaudited consolidated financial statements of the Purchaser and its consolidated Subsidiaries, included in the Purchaser Reports have been prepared in conformity with generally accepted accounting principles in all material respects and fairly present, in all material respects, the consolidated financial position of the Purchaser and its consolidated Subsidiaries as of the dates thereof and the results of their operations and their cash flows for each of the periods then ended of the Purchaser and its consolidated Subsidiaries subject where appropriate to normal year end adjustments.

4.9. Litigation. As of the date hereof, except as described in the Purchaser Reports, (a) there is no action, suit, proceeding or, to the best knowledge of the Purchaser, investigation pending and to the best knowledge of the Purchaser, there is no action, suit, proceeding or investigation threatened against or affecting the Purchaser or any Subsidiary of the Purchaser, or any of their respective properties before any Governmental Entity, which, individually or in the aggregate, if adversely determined, would result in any Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole and (b) neither the Purchaser nor any Subsidiary of the Purchaser is subject to any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator which has a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.10. Tax Returns and Audits. Each of the Purchaser and its Subsidiaries has duly filed all federal income tax returns required to be filed by it and has duly filed all other federal, state, local and foreign Tax returns and reports required to be filed by it, except where the failure so to file such other federal, state, local and foreign Tax returns and reports would not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole, and has duly paid or made adequate provision on its books in accordance with generally accepted accounting principles for the payment of all Taxes which have been incurred or are due and payable, except where the failure so to pay would not have a Material Adverse Effect on the

Purchaser and its Subsidiaries taken as a whole. As of the date of this Agreement and except as disclosed in the Purchaser Reports or Schedule 4.10 hereto, (a) there are no pending audits, examinations or proposed audits or examinations of any Tax returns filed by the Purchaser or any of its Subsidiaries except where the outcome of such audits or examinations would not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole and (b) neither the Purchaser nor any of its Subsidiaries have given or been requested to give waivers or extensions of any statute of limitations relating to the payment of Taxes for which the Purchaser or any of its Subsidiaries may be liable. As of the date of this Agreement, the consolidated federal income tax returns of the Purchaser and its Subsidiaries have been audited by the Internal Revenue Service (or the appropriate statute of limitations has expired) for all fiscal years through and including September 30, 1986. All deficiencies asserted or proposed as a result of any examinations or audits of any Tax returns have been paid or adequately provided for on the books of the Purchaser or one of its Subsidiaries in accordance with generally accepted accounting principles or will not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.11. Certain Agreements. Except as disclosed in the Purchaser Reports, as of the date of this Agreement, neither the Purchaser nor any Subsidiary, is a party to any oral or written contract, agreement, understanding or commitment (except those entered into in the ordinary course of business) having a material effect on the Purchaser and its Subsidiaries taken as a whole.

4.12. PUHCA. The Purchaser is exempt from all provisions of the PUHCA, other than Section 9(a)(2) thereof.

4.13. Labor Controversies. There are no controversies which would have a Material Adverse Effect on the Purchaser and its Subsidiaries, taken as a whole, pending or, to the best knowledge of the Purchaser, threatened between the Purchaser or any of its Subsidiaries, and any representatives of any of their employees and, to the best knowledge of the Purchaser, there are no material organizational efforts presently being made involving any of the presently unorganized employees of the Purchaser or any of its Subsidiaries. Each of the Purchaser and its Subsidiaries, has, to the best knowledge of the Purchaser, complied in all material respects with all laws relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining and the payment or withholding of social security and similar Taxes, and no Person has, to the best knowledge of the Purchaser, asserted that the Purchaser or its Subsidiaries is liable in any material amount for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing.

4.14. Insurance. The Purchaser and its Subsidiaries, have maintained, and are now maintaining with what they reasonably believe are financially responsible insurance companies, insurance on their tangible assets and their business in such amounts and against such risks and losses as is customary for companies engaged in the industries in which the Purchaser and its Subsidiaries, conduct their businesses.

4.15. Brokers or Finders. No broker, finder or investment banker is entitled to any brokerage, finder's fee or other commission or fee in connection with the transactions

contemplated hereby based on arrangements made by or on behalf of the Purchaser or any Subsidiary of the Purchaser.

4.16. Continuity of Business Enterprise; No Plan to Repurchase Stock. The Purchaser presently plans and intends for the Surviving Corporation either (i) to continue the Company's historic business after the Merger or (ii) to use a significant portion of the Company's historic business assets in a business. There is no present plan or intention on the part of the Purchaser or the Surviving Corporation to redeem or repurchase the Surviving Common Stock to be issued to the Company's shareholders in connection with the Merger.

4.17. Compliance Issues. There are no suits, claims or proceedings before any Governmental Entity, past or on-going which taken individually or in the aggregate would be grounds for a Governmental Entity to refuse, deny or materially delay the issuance or approval of any license, permit, consent or other authorization necessary to consummate the Merger.

4.18. Exclusivity of Representations and Warranties. Except for the representations and warranties contained in this Article 4, the Purchaser makes no other representations or warranties, express or implied, and the Purchaser hereby disclaims any such representations or warranties, whether by the Purchaser, any Subsidiary of the Purchaser, or any of their respective officers, directors, employees, agents or representatives, or any other Person, with respect to this Agreement and the transactions contemplated hereby, notwithstanding the delivery or disclosure to the Company or any Subsidiary of the Company or any of their respective directors, officers, employees, agents or representatives, or any other Person, of any documentation or other information by the Purchaser, any Subsidiary of the Purchaser, or any of their respective directors, officers, employees, agents or representatives, or any other Person, with respect to any one or more of the foregoing.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Purchaser as follows:

5.1. Corporate Status. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to carry on its businesses as they are now being conducted. The Company is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the properties owned, leased or operated, or the businesses conducted, by it require such qualification, except for such failures to be qualified or to be in good standing which when taken together with all such other failures of the Company and its Subsidiaries have not had and, so far as can reasonably be foreseen at this time, will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. The Company has previously delivered to the Purchaser complete and correct copies of its Articles of Incorporation, as amended, and By-Laws, as amended.

5.2. Subsidiaries. Each Subsidiary of the Company is listed on Schedule 5.2 hereto. Each Subsidiary of the Company is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the corporate power to carry on its businesses as they are now being conducted. Each Subsidiary of the Company is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the properties owned, leased or operated, or the business conducted, by it require such qualification, except for such failures to be qualified or to be in good standing which when taken together with all such other failures of the Company and its Subsidiaries have not had and, so far as can reasonably be foreseen at this time, will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. All of the outstanding shares of the capital stock of each of the Subsidiaries of the Company have been validly issued, and are fully paid and nonassessable. All of the outstanding shares of common stock of each of the Subsidiaries of the Company are owned by the Company, directly or indirectly through one or more other Subsidiaries, free and clear of all liens, pledges, claims and other encumbrances.

5.3. Capitalization of the Company. The authorized capital stock of the Company consists of 300,000 shares of Company Common Stock. As of June 30, 1993, (a) 235,857 shares of Company Common Stock were issued and outstanding and (b) no shares of Company Common Stock were held in the treasury of the Company or owned by any Subsidiary of the Company. As of such date no other shares of Company Common Stock were reserved for any other Plan of the Company or any of its Subsidiaries or any other shareholder or employee benefit plan (including stock option plans). There are no issued or outstanding preferred stock, bonds, debentures, notes or other indebtedness or other securities having the right to vote on any matters, including the Merger, on which the Company's shareholders may vote in connection with the Merger. All outstanding shares of Company Common Stock are validly issued, fully paid and nonassessable. Except for this Agreement, there are no outstanding subscriptions, securities, options, warrants, rights or other agreements, understandings or commitments to which the Company or any Subsidiary is a party that (i) calls for the issuance, sale or disposition of any shares of capital stock of the Company or any Subsidiary or any securities convertible into, or other rights to acquire, any shares of capital stock of the Company or any Subsidiary, or (ii) relates to the voting of such capital stock, securities or rights.

5.4. Authority; Binding Effect. The Company has the corporate power to execute and deliver this Agreement and, subject to approval of this Agreement and the Merger by the shareholders of the Company, to perform its obligations hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company (except, on the date hereof, for the approval of this Agreement by the shareholders of the Company). Assuming the filings, consents and approvals contemplated by this Agreement are obtained or made, neither the Company nor any of its Subsidiaries is subject to or obligated under any provision of (a) its Articles of Incorporation (or comparable charter documents) or By-Laws, (b) except as set forth on Schedule 5.4 hereto, any contract, agreement, license, franchise, permit or other instrument or (c) any law, statute, ordinance, rule, regulation, order, judgment, decree or injunction, which would be breached or violated by the Company's execution, delivery and performance of this Agreement or the performance of the transactions contemplated hereby, other than, with respect to the foregoing clauses (b) and (c), such breaches and violations which in the aggregate (i) will not have a Material Adverse Effect on the Company and its Subsidiaries

taken as a whole or will be cured, waived or terminated prior to the Effective Time and (ii) will not impair the ability of the Company to perform its obligations hereunder and under the other instruments and documents required or contemplated by this Agreement. This Agreement has been duly executed and delivered by the Company and constitutes the valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, reorganization or affecting creditors' rights generally and except to the extent that injunctive or other equitable relief is within the discretion of a court.

5.5. Consents. Other than in connection or in compliance with (a) the HSR Act, (b) the filing with the SEC of the Registration Statement, (c) filings under state securities laws, (d) the filing of a certificate of merger with the Secretary of State of the State of Delaware, the filing of certificates of merger with the Secretary of State of the State of New Jersey and appropriate documents with the relevant authorities of other states in which the Company, the Purchaser or EGC is qualified to do business, (e) the DGCL, (f) the Public Utility Laws, (g) the Delaware anti-takeover laws applicable to the Merger, (h) the NJBCA, (i) the NJPUL, (j) the PUHCA, (k) ISRA, (l) environmental laws of the States of North Carolina, Pennsylvania, Maryland and New York, (m) statutes and regulations administered by FERC and (n) the transfer of the Company's franchises to the Purchaser, no consent, license, permit, approval, order or authorization of, or filing with, any Governmental Entity is required to be obtained or made by the Company or any Subsidiary in connection with the execution, delivery or performance by the Company of this Agreement and the instruments and documents required to be executed by it pursuant hereto or the consummation by the Company and its Subsidiaries of the transactions contemplated hereby, other than those which the failure to obtain or make would not have a Material Adverse Effect on the Company and the Subsidiaries of the Company taken as a whole.

5.6. Financial Statements; Regulatory Filings and Other Disclosure. The Company has heretofore delivered to the Purchaser (a) the audited consolidated financial statements of the Company and its consolidated Subsidiaries at and for each of the years ended September 30, 1992, 1991 and 1990, (b) the unaudited consolidated financial statements of the Company and its consolidated Subsidiaries for the quarters ended December 31, 1992 and March 31, 1993, (c) the Company's and each of its Subsidiaries Annual Reports to its shareholders for the fiscal years ended September 30, 1992, 1991 and 1990, (d) copies of all materials distributed to the shareholders of the Company since September 30, 1992 and (e) filings by the Company or any of its Subsidiaries with state regulatory authorities since September 30, 1989 (items (a) through (e) collectively to be known as, the "Company Reports"). As of their respective dates, the Company Reports did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited and unaudited consolidated financial statements of the Company and its consolidated Subsidiaries included in the Company Reports have been prepared in conformity with generally accepted accounting principles, in all material respects, and fairly present, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the results of their operations and their cash flows for each of the periods then ended of the Company and its consolidated Subsidiaries subject where appropriate to normal year end adjustments.

5.7. Absence of Material Adverse Effect. Since September 30, 1992, there has not been any Material Adverse Effect on the Company and the Subsidiaries of the Company taken as a whole.

5.8. Litigation. As of the date hereof, except as set forth on Schedule 5.8 hereto, (a) there is no action, suit, proceeding or, to the best knowledge of the Company, investigation pending and, to the best knowledge of the Company, there is no action, suit, proceeding or investigation threatened against or affecting the Company or any of its Subsidiaries, or any of their respective properties before any Governmental Entity, which, individually or in the aggregate, if adversely determined, would result in any Material Adverse Effect on the Company and its Subsidiaries taken as a whole and (b) neither the Company nor any of its Subsidiaries is subject to any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator which has a Material Adverse Effect on the Company and the Subsidiaries of the Company taken as a whole.

5.9. Employee Benefit Plans. (a) Except as set forth on Schedule 5.9 hereto, neither the Company nor any of its Subsidiaries, maintains or contributes to any Plan, whether formal or informal, and there are no agreements, understandings or commitments to create any such Plan or to modify or change any existing Plan of the Company or any of its Subsidiaries (collectively, "Company Plans"), except as disclosed to Purchaser in writing prior to the date hereof. None of the Company Plans is a funded "welfare benefit plan" within the meaning of Section 419 of the Code or a "multiple employer plan" within the meaning of the Code or ERISA. Except as set forth on Schedule 5.9 hereto, the Company does not now, and has not for the five calendar years preceding the date hereof contributed to, a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(b) The Company has heretofore delivered to the Purchaser true, correct and complete copies of (i) all documents which comprise the most current version of each of the Company Plans, including any related trust agreements, insurance contracts and drafts of proposed amendments, (ii) the three most recent Annual Reports (Form 5500 Series) and accompanying schedules as filed for each of the Company Plans for which such a report is required, (iii) the most current Summary Plan Description, if available (and any summary of material modifications) for each Company Plan, (iv) the three most recent audited financial statements for each of the Company Plans for which such a statement is required or was prepared, (v) the three most recent actuarial reports for each of the Company Plans for which such a report is required or was prepared and (vi) the most recent determination, if any, issued by the Internal Revenue Service with respect to each Company Plan's qualified status under Section 401(a) of the Code. Since the date of the documents delivered, there has not been any material change in the assets and liabilities of any of the Company Plans or any change in their terms and operations which could reasonably be expected to affect or alter the tax status or materially affect the cost of maintaining such Company Plan.

(c) Except as heretofore disclosed to the Purchaser's counsel, the Company and its Subsidiaries have each performed and complied in all material respects with all of their obligations under and with respect to the Company Plans and each of the Company Plans has, at all times, in form and operation complied in all material respects with its terms, and, where

applicable, the requirements of ERISA and the Code, and has not incurred any federal income or excise tax liability.

(d) Except as heretofore disclosed to the Purchaser's counsel, each Company Plan which is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) has received a determination from the Internal Revenue Service that it is qualified pursuant to Section 401(a) of the Code and nothing has occurred since the date of any such determination to cause the loss of such qualification.

(e) None of the Company Plans has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code), and there is no unpaid contribution due prior to the date hereof with respect to any such Company Plan that is required to have been made under the terms of such Company Plan, Section 412 of the Code or Part 3 of Subtitle B of Title I of ERISA. No "reportable event" (as defined in Section 4043(b) of ERISA) has occurred with respect to any Company Plan. The actuarial present value (based on the actuarial assumptions used in the most recent actuarial valuation) of vested and nonvested "benefit liabilities," (as defined in Section 4001(a)(16) of ERISA) of each Company Plan that is subject to Title IV of ERISA, determined as of the most recent valuation date for each such Company Plan, using the actuarial method and assumptions used in the most recent actuarial valuation, did not exceed the aggregate fair market value of the assets of such Company Plan on such date, and no event has occurred since such date that would materially increase or decrease the value of such assets or liabilities.

(f) Neither the Company nor any of its Subsidiaries has any obligation to provide health or other non-pension related benefits to former employees, except as specifically required by law or as set forth on Schedule 5.9 hereto. The Company has satisfied all requirements imposed upon it to provide "continuous coverage" to such employees pursuant to the Consolidated Omnibus Budget Reconciliation Act.

(g) Neither the Company nor any of its Subsidiaries nor any other "disqualified person" or "party in interest" (as defined in Section 4975 of the Code and Section 3(14) of ERISA, respectively) has engaged in any "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) with respect to any Company Plan, nor have there been any fiduciary violations under ERISA which could subject any such Company Plan (or its related trust), or the Company or any of its Subsidiaries (or any officer, director, employee, agent or representative thereof) to the penalty or Tax under Section 502(i) of ERISA or Sections 4971 and 4975 of the Code.

(h) As of the date of this Agreement (i) no filing, application or other matter with respect to any of the Company Plans is pending with the Internal Revenue Service, Pension Benefit Guaranty Corporation, United States Department of Labor or any other Governmental Entity and (ii) there is no action, suit or claim pending, other than routine claims for benefits, against or in any manner relating to any Company Plan.

(i) Neither the Company nor any of its Subsidiaries has incurred any liability or taken any action or has any knowledge of any action or event that could cause either of them to

incur any liability under Section 412 of the Code or Title IV of ERISA with respect to any "single-employer plan" (as defined in Section 4001(a)(15) of ERISA).

(j) Except as set forth in Section 7.5, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will, (i) entitle any current or former employee of the Company or any of its Subsidiaries to severance pay, unemployment compensation or any similar payment, (ii) accelerate the time of payment or vesting or increase the amount of any compensation due to any such employee or former employee, or (iii) directly or indirectly result in any payment made or to be made to or on behalf of any Person to constitute a "parachute payment" within the meaning of Section 280G of the Code.

5.10. Information Provided. None of the information supplied by the Company or any of its Subsidiaries included or incorporated by reference in the Registration Statement on Form S-4 (or such other form as shall be applicable to the registration of Purchaser Common Stock to be issued in connection with the Merger) to be filed by the Purchaser with the SEC under the Securities Act in order to register thereunder the shares of Purchaser Common Stock to be issued in connection with the Merger, including any amendments thereof (the "Registration Statement"), or the Proxy Statement contained therein to be used by the Company in soliciting proxies of its shareholders with respect to the Merger, including any amendments thereof or supplements thereto (the "Proxy Statement"), will, (i) at the date the Registration Statement or any post-effective amendment thereof becomes effective, (ii) at the date the Proxy Statement is mailed to the shareholders of the Company, (iii) at the date of the Shareholders Meeting of the Company and (iv) at all other times subsequent to such effectiveness, mailings or meeting up to and including the Effective Time, contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

5.11. Brokers or Finders. No broker, finder or investment banker is entitled to any brokerage, finder's fee or other commission or fee in connection with the Merger based upon arrangements made by or on behalf of the Company, except for a fee payable to Berwind Financial Group, Inc. pursuant to an agreement which has been delivered to the Purchaser prior to the date of this Agreement.

5.12. Tax Returns and Audits. Each of the Company and its Subsidiaries has duly filed all federal income tax returns required to be filed by it and has duly filed all other federal, state, local and foreign Tax returns and reports required to be filed by it, except where the failure so to file such other federal, state, local and foreign Tax returns and reports would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole, and has duly paid or made adequate provision on its books in accordance with generally accepted accounting principles for the payment of all Taxes which have been incurred or are due and payable, except where the failure so to pay would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as set forth on Schedule 5.12 hereto, (a) there are no pending audits, examinations or proposed audits or examinations of any Tax returns filed by the Company or any of its Subsidiaries except where the outcome of such audits or examinations would not have a Material Adverse Effect on the Company and its Subsidiaries

taken as a whole and (b) neither the Company nor any of its Subsidiaries have given or been requested to give waivers or extensions of any statute of limitations relating to the payment of Taxes for which the Company or any of its Subsidiaries may be liable. As of the date of this Agreement, the consolidated federal income tax returns of the Company and its Subsidiaries have been audited by the Internal Revenue Service (or the appropriate statute of limitations has expired) for all fiscal years through and including September 30, 1989. All deficiencies asserted or proposed as a result of any examinations or audits of any Tax returns have been paid or adequately provided for on the books of the Company or one of its Subsidiaries in accordance with generally accepted accounting principles or will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as set forth on Schedule 5.12 hereto, neither the Company nor any of its Subsidiaries (i) is a party to any agreement providing for the allocation, payment or sharing of Taxes among the Company, its Subsidiaries or any third parties, (ii) has any net operating loss carryovers, net capital loss carryovers or any other items the use of which, by deduction or credit or otherwise, would or may be limited by Section 382 of the Code, (iii) has filed any consent to the application of Section 341(f) of the Code with respect to any of its property, (iv) has an application pending with respect to any Tax requesting permission for a change in accounting method, (v) is required to make any adjustments to income pursuant to Section 481 of the Code or (vi) owns or leases any real property or otherwise holds any interest in real property that would or may subject the parties hereto or the Surviving Corporation to a transfer or gains tax as a result of the Merger.

5.13. Certain Agreements. Except as disclosed on Schedule 5.13 hereto, as of the date of this Agreement, none of the Company or any of its Subsidiaries is a party to any oral or written (a) employment, severance or collective bargaining agreement or consulting agreement not terminable on 60 days or less notice, (b) agreement, understanding or commitment with any executive officer or other employee of the Company or any of its Subsidiaries, (i) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Company or any of its Subsidiaries of the nature of the transactions contemplated hereby or (ii) providing severance benefits or other benefits after the termination of employment of such executive officer or employee regardless of the reason for such termination of employment, (c) agreement, plan, arrangement, understanding or commitment under which any Person may receive payments subject to the Tax imposed by Section 4999 of the Code, (d) agreement, plan, understanding or commitment, including any stock option plan, incentive compensation plan, "phantom stock" plan, stock appreciation right plan, restricted stock plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of the transactions contemplated hereby, or the value of any of the benefits of which will be calculated on the basis of the transactions contemplated hereby, (e) agreement, trust, escrow account or bond to secure or provide for the payment of any amounts to any officers, employees or directors of the Company or any of its Subsidiaries, (f) franchise agreements or other authority of any Person authorizing the Company or any of its Subsidiaries to operate as a public utility or a public service company, (g) contracts for the purchase, sale or transportation of gas or (h) any (i) agreement, contract, indenture or other instrument, understanding or commitment relating to the borrowing of money or the guarantee of any obligation for the borrowing of money, in each case in excess of $15,000 or (ii) other agreement, contract, understanding or commitment having or reasonably foreseeable as

having in the future a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.14. PUHCA. The Company is not subject to the provisions of the PUHCA.

5.15. Labor Controversies. There are no controversies which would have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, pending or, to the best knowledge of the Company, threatened between the Company or any of its Subsidiaries and any employees or any representatives of any of their employees and, to the best knowledge of the Company, there are no material organizational efforts presently being made involving any of the presently unorganized employees of the Company or any of its Subsidiaries. Each of the Company and its Subsidiaries has, to the best knowledge of the Company, complied in all material respects with all laws relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining and the payment or withholding of social security and similar Taxes, and no Person has, to the best knowledge of the Company, asserted that the Company or any of its Subsidiaries is liable in any material amount for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing.

5.16. Insurance. The Company and its Subsidiaries have each maintained, and are now maintaining with what they reasonably believe are financially responsible insurance companies, insurance on their tangible assets and their businesses in such amounts and against such risks and losses as is customary for companies engaged in the industries in which the Company and its Subsidiaries conduct their businesses. All claims known to the Company or any of its Subsidiaries which the Company or such Subsidiary is obligated, under the terms of any insurance contract or otherwise, to report to one or more insurers have been duly and timely reported.

5.17. Plant, Property, Equipment and Other Assets. Schedule 5.17 hereto lists any real and personal property which has a replacement value of $25,000 or more owned or leased by the Company or any of its Subsidiaries. Each of the Company and its Subsidiaries has good, clear and marketable or insurable title to all the properties and assets listed on Schedule 5.17 hereto or acquired after the date hereof free and clear of all claims, liens, pledges, charges, security interests or other encumbrances of any nature whatsoever except (a) statutory liens securing payments not yet due and (b) such imperfections or irregularities of title, claims, liens, pledges, charges, security interests or other encumbrances as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties, or as do not materially impair the marketability thereof. The Company or one of its Subsidiaries is the lessee of all leases listed on Schedule 5.17 hereto or acquired after the date hereof and is in possession of the properties purported to be leased thereunder and each such lease is valid without default thereunder by the lessee or, to the best knowledge of the Company, the lessor.

5.18. Computer Software. Schedule 5.18 hereto lists all computer software programs used by the Company or any of its Subsidiaries other than any such programs the unavailability for use of which by the Company or such Subsidiary would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Schedule 5.18 hereto sets

forth whether each computer software program listed thereon is owned by the Company or such Subsidiary (the "Owned Software"), or licensed by the Company or such Subsidiary from a third party (the "Licensed Software"). The Owned Software is owned by the Company or such Subsidiary free and clear of any claim, lien, pledge, charge, security interest or other encumbrance of any nature. The Licensed Software is used pursuant to certain agreements, true and correct copies of which have been provided to the Purchaser prior to the execution of this Agreement. There are no infringement suits, actions or proceedings pending or, to the best knowledge of the Company, threatened against the Company or any of its Subsidiaries with respect to any of the Owned Software.

5.19. Defaults. The Company and its Subsidiaries are not in default under or in violation of any provision of their respective Articles of Incorporation or By-laws or any franchise, indenture, mortgage, deed of trust, loan agreement, or any other agreement, understanding or commitment of any kind to which any of them is a party or by which any of them is bound or to which any of their properties is subject which default, or defaults in the aggregate, has or could have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.20. Absence of Certain Changes or Events. Since the date of the most recent audited financial statements included in the Company Reports, the Company and its Subsidiaries have conducted their respective businesses only in the ordinary course, and there has not been: (a) any damage, destruction or loss, whether covered by insurance or not, that has or could have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (b) any material adverse change in or affecting the businesses, properties, financial position or results of operations of the Company or any of its Subsidiaries which could have a Material Adverse Effect upon the Company and its Subsidiaries taken as a whole; (c) any change in the capital stock or any increase in the long-term debt of the Company or any of its Subsidiaries or (d) any action that, after the execution of this Agreement, is prohibited by Section 6.1.

5.21. Regulation as Utility. The Company and its Subsidiaries operate and are regulated as a public utility only in the States of Pennsylvania, New York, Maryland and North Carolina. The Company is also subject to regulation by the Federal Energy Regulatory Commission. Except as stated in this Section 5.21, neither the Company nor its Subsidiaries are subject to regulation as a public utility or public service company (or similar designation) by any jurisdiction.

5.22. Compliance with Applicable Laws. Except as set forth in Schedule 5.22 hereto, the businesses of the Company and its Subsidiaries are not being conducted in violation of any law, statute, ordinance, rule, regulation, judgment, decree, order or injunction of any Governmental Entity, except for possible violations which individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not have Material Adverse Effect on the Company and its Subsidiaries taken as a whole. No investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the best knowledge of the Company, threatened, nor has any Governmental Entity indicated an intention to conduct the same, other than those the outcome of which will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.23. Undisclosed Liabilities. The Company and its Subsidiaries have no obligations or liabilities of any nature, whether absolute, accrued, contingent or otherwise, of a nature required by generally accepted accounting principles to be recognized or disclosed in consolidated financial statements of the Company and its Subsidiaries, which are not reflected in the Company Reports.

5.24. Transfer of Surviving Common Stock. To the best knowledge of the Company, there is no present intention on the part of any shareholder of the Company who holds 1% or more of the Company Common Stock, to sell, transfer or otherwise dispose of the shares of Surviving Common Stock to be received by such shareholder as Merger Consideration.

5.25. Environmental Matters. Except as set forth in Schedule 5.25 hereto, (a) neither the Company nor any of its Subsidiaries has disposed of or arranged for the disposal of any hazardous substances, other than in conformity with applicable laws and regulations, except to the extent that such disposals do not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (b) to the best knowledge of the Company, neither the Company nor any of its Subsidiaries has been designated a potentially liable party for remedial action or response costs nor is under investigation or review by any Governmental Entity in connection with any facility, location, site or other property under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Federal Resource Conservation and Recovery Act, as amended, the Toxic Substance Control Act, the Clean Water Act, the Clean Air Act or comparable state statutes, except to the extent that any such designation does not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (c) to the best knowledge of the Company, the Company and its Subsidiaries' use, generation, processing, production, storage and disposal of hazardous substances is and has been in conformity with applicable laws and regulations; (d) to the best knowledge of the Company, no property currently or previously owned, leased or operated by the Company or any of its Subsidiaries has been used for the treatment, storage or disposal of hazardous substances, or as a landfill or other waste disposal site, except to the extent that such use does not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (e) to the best knowledge of the Company, underground storage tanks are not and have not been located on or under any property owned, leased or operated by the Company or any of its Subsidiaries, except to the extent that such storage tanks do not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; and (f) to the best knowledge of the Company, there are no hazardous substances that may pose any material risk to safety, health or the environment on, under or about any property currently or previously owned, leased or operated by the Company or any of its Subsidiaries. For the purposes of this Section 5.25, "hazardous substances" shall mean those substances defined or listed by the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Federal Resource Conservation and Recovery Act, as amended, the Toxic Control Substance Act, the Clean Water Act, the Clean Air Act or comparable state statutes, and regulations thereunder.

5.26. Operating Condition. The Company and its Subsidiaries each (and, upon consummation of the Merger and receipt of the consents, licenses, permits, approvals, orders and authorizations contemplated by Section 5.5, the Surviving Corporation and its Subsidiaries will) own or lease all assets, real and personal, and hold all permits, franchises, licenses and other

approvals or authorizations necessary to carry on the business and operations of each of the Company and its Subsidiaries in substantially the same manner as such business and operations are carried on currently other than those assets, permits, franchises, licenses and other approvals or authorizations the failure of which to so own, lease or hold would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.27. Compliance Issues. There are no suits, claims or proceedings before any Governmental Entity, past or on-going, which taken individually or in the aggregate would be grounds for a Governmental Entity to refuse, deny or materially delay the issuance or approval of any consent, license, permit, order or other authorization necessary to consummate the Merger.

5.28. Exclusivity of Representations and Warranties. Except for the representations and warranties contained in this Article 5, the Company makes no other representations or warranties, express or implied, and the Company hereby disclaims any such representations or warranties, whether by the Company, any Subsidiary of the Company or any of their respective officers, directors, employees, agents or representatives, or any other Person, with respect to this Agreement and the transactions contemplated hereby, notwithstanding the delivery or disclosure to the Purchaser or any of its directors, officers, employees, agents or representatives, or any other Person, of any documentation or other information by the Company, any Subsidiary of the Company or any of their respective directors, officers, employees, agents or representatives, or any other Person, with respect to any one or more of the foregoing.

ARTICLE 6

CONDUCT OF BUSINESS PENDING THE MERGER

6.1. General Conduct of Company Business. Except as expressly set forth in this Agreement, during the period from the date of this Agreement to the Effective Time, the Company and each of its Subsidiaries will conduct its operations in the ordinary and usual course of business and consistent with past practice, and the Company and each of its Subsidiaries will use its best efforts to preserve intact its business organizations, to keep available the services of its officers and employees and to maintain satisfactory relationships with customers, suppliers, distributors and others having business relationships with it. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, prior to the Effective Time, none of the Company nor any of its Subsidiaries will, without the prior written consent of the Purchaser:

(a) Amend its Articles of Incorporation (or comparable charter documents) or By-Laws;

(b) Issue, sell, transfer, distribute, pledge or otherwise encumber or dispose of any shares of capital stock, any options, warrants or rights of any kind to acquire any shares of capital stock or any securities which are convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries;

(c) (i) Split, combine, recapitalize or reclassify any shares of its capital stock, (ii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any shares of its capital stock or (iii) redeem or otherwise acquire any shares of the capital stock of the Company or any of its Subsidiaries, except (i) any Subsidiary of the Company may declare and pay dividends to the Company or any other Subsidiary of the Company and (ii) the Company may declare and pay to holders of shares of Company Common Stock regular quarterly dividends of not more than $0.44 per share on its customary quarterly dividend declaration and payment dates;

(d) (i) except as set forth on Schedule 6.1 hereto, adopt, enter into or amend any bonus, profit sharing, compensation, stock option, warrant, pension, retirement, deferred compensation, employment, consulting, indemnification, severance, termination or other employee benefit plan, agreement, trust fund or arrangement for the benefit or welfare of any officer, director or employee or (ii) agree to any increase in the compensation (including bonuses) payable or to become payable to any officer, director or employee;

(e) purchase or otherwise acquire by merger, consolidation, acquisition of securities or assets or otherwise, (i) any corporation, partnership, association or other business entity, organization or division thereof or (ii) any assets or properties which, in the case of either clause (i) or clause (ii), would be material, in the aggregate, to the Company and its Subsidiaries taken as a whole;

(f) sell, lease, mortgage, pledge, grant a security interest in or lien on, or otherwise dispose of or encumber any of its assets or properties which are material, in the aggregate, to the Company and its Subsidiaries taken as a whole;

(g) settle or compromise any litigation or regulatory proceeding involving the payment or expenditure of, or an agreement, understanding or commitment to pay over time, an amount in cash, notes or other property, over any amount paid by insurance, in excess of $10,000;

(h) except for (i) short-term indebtedness incurred in the ordinary course of business consistent with past practices and (ii) bank line of credit borrowings that shall not exceed $12,500,000 at any time, incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others;

(i) enter into any agreement, understanding or commitment which has a term of more than one year, unless such agreement, understanding or commitment may be terminated by the Company and, after the Effective Time of the Merger, the Surviving Corporation at any time upon no more than thirty (30) days notice without any penalty or payment of any kind; or

(j) Agree, whether in writing or otherwise, to do any of the foregoing.

6.2. No Solicitation or Negotiation. (a) From the date hereof until this Agreement shall have been terminated in accordance with its terms, neither the Company nor any Affiliate of the Company, nor any officer, director, employee, shareholder, representative or

agent of the Company or any Affiliate of the Company, shall, directly or indirectly, solicit or initiate or participate in any way in discussions or negotiations with, or provide any information or assistance to, or enter into an agreement or understanding with any Person or group of Persons (other than the Purchaser) concerning any acquisition, merger, consolidation, liquidation, dissolution, disposition or other transaction that would result in the transfer to any such Person or group of Persons (other than in the ordinary course of business) of all or any substantial part of the business or assets of, or all or any substantial equity interest in, the Company or any of its subsidiaries. The Company shall provide prompt notice to the Purchaser of any such discussions or negotiations.

(b) If at any time from the date hereof and prior to the termination of this Agreement, any Person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) other than the Purchaser shall have (i) commenced a tender offer for 30% or more of the outstanding shares of the Company Common Stock, the acceptance of which has been recommended by the Board of the Company, or (ii) entered into an agreement, understanding for, or effected, a merger or other business combination with the Company, the acquisition of 30% or more of the outstanding shares of the Company Common Stock or the acquisition of all or any substantial part of the business or assets of the Company, then, at the Purchaser's request, the Company shall (A) pay to the Purchaser (immediately upon submission by the Purchaser of an invoice therefor) in New York Clearing House funds by certified or official bank check payable to the order of the Purchaser the sum of $500,000 plus all of the actual expenses of the Purchaser and its Subsidiaries (including legal fees and expenses) incurred in connection with the negotiation, preparation, execution and delivery of the Letter of Intent, the negotiation, preparation, execution and delivery of this Agreement, and any other actions taken in connection with the transactions contemplated hereby, including due diligence and actions relating to regulatory and other approvals and (B) pay to the Purchaser, not later than the consummation of such tender offer or the closing of such merger, business combination or any such acquisition, as the case may be, in New York Clearing House funds by certified or official bank check payable to the order of the Purchaser the sum of $500,000.

(c) The Company acknowledges that the agreements contained in the immediately preceding paragraph are an integral part of the transactions contemplated hereby, and that, without these agreements, the Purchaser would not have executed this Agreement; accordingly, if the Company fails to pay promptly the amounts set forth in the immediately preceding paragraph when due, the Company shall in addition thereto pay to the Purchaser all costs and expenses (including fees and disbursements of counsel) incurred in collecting such amounts (or any unpaid portion thereof) from the date such payment was required to be made until the date such payment is received by Purchaser at the prime rate as in effect from time to time during such period of Citibank, N.A.

6.3. Cash Dividends of the Purchaser. Prior to the Effective Time, the Purchaser will not, without the prior written consent of the Company, declare, set aside or pay any cash dividend in respect of any shares of Purchaser Common Stock, except that the Purchaser may declare and pay to holders of shares of Purchaser Common Stock regular quarterly dividends of not more than $0.50 per share on its customary quarterly dividend declaration and payment dates.

ARTICLE 7

ADDITIONAL COVENANTS

7.1. Preparation of Registration Statement and Proxy Statement. As promptly as practicable after the date of this Agreement, the Purchaser and the Company shall prepare the Proxy Statement. The Purchaser shall prepare and file the Registration Statement with the SEC, and shall use its reasonable best efforts to respond to any comments of the SEC and to cause the Registration Statement to be declared effective. The Purchaser shall notify the Company promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments of or supplements to the Registration Statement or the Proxy Statement or for additional information. The Purchaser and the Company will supply each other with copies of all correspondence between the Purchaser and the Company or any of their representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to the Registration Statement, the Proxy Statement or the transactions contemplated hereby. If at any time prior to the Effective Time any event shall occur that should be set forth in an amendment of or a supplement to the Registration Statement or the Proxy Statement, the Purchaser and the Company will prepare promptly and the Purchaser will file such an amendment or supplement with the SEC. The Company will not mail the Proxy Statement, or any amendment thereof or supplement thereto, to its shareholders unless it has first obtained the consent of the Purchaser to such mailing.

7.2. Approval of Shareholders. The Company, acting through its Board, shall, in accordance with applicable law: (a) duly call, give notice of, convene and hold an annual or special meeting of its shareholders (the "Shareholders Meeting") as promptly as practicable but in no event later than December 15, 1993, for the purpose of, among other things, considering and taking action upon this Agreement and the Merger; (b) include in the Proxy Statement the recommendation of its Board that shareholders vote in favor of the approval and adoption of this Agreement and the Merger and (c) use its reasonable best efforts to obtain the necessary approval of this Agreement and the Merger by its shareholders. The Purchaser agrees that, at the Shareholders Meeting, any shares of Company Common Stock then owned by the Purchaser and any Subsidiary or Affiliate of the Purchaser will be voted in favor of adoption and approval of this Agreement and the Merger.

7.3. EGC Merger. The Purchaser will take all required corporate action and the Purchaser and the Company will use their respective reasonable best efforts to obtain all required consents and approval so that on the day of the Effective Time at or after the time of consummation of the Merger, EGC will be merged with and into the Surviving Corporation pursuant to the NJBCA in a transaction which will constitute a complete liquidation under Section 332 of the Code. The Surviving Corporation shall be the surviving corporation in the EGC Merger. Upon the effectiveness of the EGC Merger, all outstanding shares of the EGC Common Stock shall be cancelled.

7.4. Access and Due Diligence. Each of the Purchaser and the Company will afford the other and its representatives reasonable access to all books, records, contracts,

facilities and personnel of the Purchaser and its Subsidiaries or the Company and its Subsidiaries, as the case may be, so that the other may conduct a due diligence investigation, including: analysis and review of financial statements and projections, mortgages and indentures, contracts and agreements, accounting methods, auditors' work papers, assets, liabilities, operations, business plans and prospects.

7.5. Employee Benefits, Management and Employment Agreements. (a) For at least five years after the Effective Time, the Surviving Corporation shall (i) maintain the Company's Retirement Plan and Employee Savings Plan as presently in effect or provide benefits comparable in type and amount to participants in such Plans, and (ii) provide benefits to each officer and other employee of the Company and its Subsidiaries for so long as such officer or other employee is employed during such period by the Surviving Corporation which, in the aggregate, are at least comparable to those currently provided by the Company and its Subsidiaries.

(b) For at least three years after the Effective Time, the Company will retain its independent identity as a division of the Surviving Corporation with its own division board of directors.

(c) At or prior to the Effective Time, the Purchaser shall enter into an employment agreement with Lyle C. Motley, Jr., President and Chief Executive Officer of the Company. Pursuant to such employment agreement, the Surviving Corporation shall agree to employ Mr. Motley for a period of three years, commencing on the Closing Date on the basis of Mr. Motley's title, duties and salary structure as of June 23, 1993. Such employment agreement shall provide that in the event that (i) Mr. Motley terminates his employment because the Surviving Corporation requests Mr. Motley to relocate or Mr. Motley's title or duties are downgraded from his title or duties on June 23, 1993 or (ii) the Surviving Corporation terminates Mr. Motley's employment without cause, the Surviving Corporation shall pay to Mr. Motley the salary payments payable to Mr. Motley under the terms of such employment agreement from the date of such termination through the remainder of such three-year period.

(d) At or prior to the Effective Time, the Purchaser shall enter into employment agreements with (i) James W. Carl, Vice President of the Company, (ii) James K. Turpin, Vice President of the Company, (iii) Bernard L. Smith, Treasurer and Assistant Secretary of the Company, and (iv) Donna S. Scrivens, Secretary of the Company (individually, an "Officer" and collectively, the "Officers"). Pursuant to such employment agreements, the Surviving Corporation shall agree to employ the Officers for a period of two years, commencing on the Closing Date on the basis of the Officers' respective titles, duties and salary structure as of June 23, 1993. Each such employment agreement shall provide that in the event the Surviving Corporation terminates the Officer's employment without cause, the Surviving Corporation shall pay to such Officer the salary payments payable to such Officer under the terms of such employment agreement from the date of such termination through the remainder of such two-year period. Each such employment agreement shall further provide that in the event that the Officer terminates his or her employment because the Surviving Corporation requests the Officer to relocate or the Officer's title or duties are downgraded from such Officer's title or duties on June 23, 1993, the Surviving Corporation shall pay to such Officer an amount equal to the greater of

(A) the salary payments payable to such Officer under the terms of such employment agreement for a period of one year following the date of such termination and (B) one month's salary (at the then current salary) for each year such Officer was employed by the Surviving Corporation (including employment by the Company prior to the Closing Date); provided, however, that in no event shall such payment exceed the salary payments payable to such Officer under the terms of such employment agreement from the date of such termination through the remainder of such two-year period.

(e) In the event the Surviving Corporation terminates without cause the employment of any other employee of the Company during the first year following the Closing Date, the Surviving Corporation shall pay to such employee an amount equal to one week's salary (at the then current salary) for each year such employee was employed by the Surviving Corporation (including employment by the Company prior to the Closing Date).

7.6. HSR Act. The Company and the Purchaser shall, as soon as practicable after the date of this Agreement, file Notification and Report Forms under the HSR Act with the FTC and the Antitrust Division and shall use their respective reasonable best efforts to respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation.

7.7. Regulatory Approvals. As soon as practicable after the date hereof, the Company and the Purchaser will cooperate in the preparation and filing of all materials necessary and desirable to obtain the approval of the transactions contemplated hereby or the disclaimer of jurisdiction with respect thereto by any regulatory body that has jurisdiction over the transactions contemplated hereby.

7.8. Additional Agreements. Subject to the terms and conditions herein provided, each of the parties agrees to use its reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective on or prior to December 31, 1993 the transactions contemplated hereby, including using its reasonable best efforts to obtain all necessary waivers, consents and approvals and effect all necessary registrations and filings, and make all submissions of information requested by Governmental Entities. If at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all such necessary or desirable action.

7.9. Notification of Certain Matters. The Company shall give prompt notice to the Purchaser, and the Purchaser shall give prompt notice to the Company, of (a) any information that indicates that any representation or warranty contained herein was not true and correct in any material respect as of the date hereof or will not be true and correct in any material respect as of the Effective Time and (b) the occurrence of any event which will result, or has a reasonable prospect of resulting, in the failure to satisfy a condition specified in Sections 8.1, 8.2 or 8.3, as the case may be.

7.10. Confidentiality. All information provided to the Purchaser and its Subsidiaries, or their Affiliates, representatives or agents by or on behalf of the Company or its Subsidiaries or their Affiliates, representatives or agents concerning the Company and its Subsidiaries shall be governed by the Confidentiality Letter, dated February 17, 1993, from the Purchaser to the Company. All information provided to the Company and its Subsidiaries or their Affiliates, representatives or agents by or on behalf of the Purchaser or its Subsidiaries, or their Affiliates, representatives or agents concerning the Purchaser and its Subsidiaries shall be governed by the Confidentiality Letter, dated July 7, 1993, from the Company to the Purchaser.

7.11. Publicity. So long as this Agreement is in effect, no party hereto will issue any press release or make any other public announcement relating to this Agreement or the transactions contemplated hereby without the prior consent of the other, except that any party hereto may make any disclosure required to be made by it under applicable law (including the federal securities laws) if it determines in good faith that it is appropriate to do so and gives prior notice to the other party hereto, using its best efforts, given any time constraints, to reach the other party hereto and discuss such disclosure with the other party.

7.12. Agreement to Defend. In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of this Agreement or any of the transactions contemplated hereby or seeks damages in connection therewith, the parties agree to cooperate and use their best efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order of the type referred to in Section 8.1(c) is issued with respect to or in any such action, suit or other proceeding, to use their best efforts to have such injunction or other order lifted.

7.13. Expenses. Subject to the provisions of Section 6.2, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, including legal and auditing fees, the fees of their respective brokers, finders or investment bankers and printing expenses.

7.14. Letter of the Company's Accountants. The Company shall cause to be delivered to the Purchaser a letter of the Company's independent auditors, dated a date within two business days before the date as of which the Registration Statement becomes effective and addressed to the Purchaser, in form and substance reasonably satisfactory to the Purchaser, to the effect that:

(a) they are public accountants, independent with respect to the Company and its Subsidiaries within the meaning of the Securities Act and the Exchange Act and the applicable published rules and regulations thereunder;

(b) the financial statements of the Company audited by them and included or incorporated by reference in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and of the published rules and regulations thereunder; and

(c) at the request of the Company, they have carried out procedures to a specified date not more than five business days prior to the date as of when the Registration Statement becomes effective, which do not constitute an audit in accordance with generally accepted auditing standards, of the financial statements of the Company and its consolidated Subsidiaries as follows: (i) read the unaudited financial statements of the Company and its consolidated Subsidiaries included or incorporated by reference in the Registration Statement, (ii) read the unaudited financial statements of the Company and its consolidated Subsidiaries for the period from the date of the most recent financial statements included or incorporated by reference in the Registration Statement through the date of the latest available interim financial statements, (iii) read the minutes of the meetings of shareholders and the Board of the Company and any committee thereof, and its consolidated Subsidiaries from the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement to such date not more than five business days prior to the date as of when the Registration Statement becomes effective and (iv) consulted with certain officers of the Company responsible for financial and accounting matters as to whether any of the changes or decreases referred to below has occurred, and, based on such procedures, nothing has come to their attention which would cause them to believe that (A) any unaudited financial statements of the Company and its consolidated Subsidiaries included or incorporated by reference in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act or the Exchange Act and of the published rules and regulations thereunder; (B) such unaudited financial statements are not fairly presented in all material respects in conformity with generally accepted accounting principles (except as permitted by Form 10-Q of the SEC); (C) as of such date not more than five business days prior to the date as of when the Registration Statement becomes effective, there was, except as set forth in such letter, any (I) change in the capital stock, treasury stock or long-term debt of the Company or its Subsidiaries or (II) any decrease in capital in excess of par value, retained earnings, consolidated net assets, net current assets or investments of the Company in each case as compared with the amounts shown in the most recent balance sheet of the Company included or incorporated by reference in the Registration Statement or (D) for the period from the date of the most recent balance sheet of the Company included or incorporated by reference in the Registration Statement to the end of the month immediately preceding the date as of when the Registration Statement becomes effective, unless the Registration Statement becomes effective within the first ten calendar days of a month, in which case, to the end of the next to last calendar month prior to the calendar month in which the Registration Statement became effective, there were, except as set forth in such letter, any decreases, as compared with the corresponding period in the preceding year, in consolidated revenues or in the total or per share amounts of income before extraordinary items, income before income taxes or net income of the Company.

7.15. Reservation of Shares; Listing of Surviving Common Stock. Prior to the Closing the Purchaser shall reserve for issuance, out of its authorized but unissued Purchaser Common Stock, such number of shares of Purchaser Common Stock (which shall become Surviving Common Stock at the Effective Time) as may be issuable upon consummation of the Merger. The Purchaser will cause to be prepared and submitted to the NYSE a listing application covering the shares of Surviving Common Stock issuable in connection with the

Merger and will use its reasonable best efforts to obtain, prior to the Effective Time, approval for the listing of such shares of Surviving Common Stock upon official notice of issuance.

7.16. Blue Sky Permits. The Purchaser will use its reasonable best efforts to obtain, prior to the effective date of the Registration Statement, all necessary state securities law or "Blue Sky" permits and approvals required to carry out the Merger and the issuance of the Merger Consideration, provided that neither the Purchaser nor the Surviving Corporation shall be required to qualify as a foreign corporation or to consent to the service of process under the laws of any state except Pennsylvania, Maryland, New York and North Carolina.

7.17. Agreement by Affiliates. The Company will cause to be delivered to the Purchaser, at or prior to the Effective Time, a written agreement, in form and substance reasonably satisfactory to the Purchaser, from any Person that counsel for the Company may deem to be an "affiliate" of the Company within the meaning of such term as used in Rule 145 under the Securities Act, to the effect that no disposition of Surviving Common Stock received in the Merger will be made by such Persons except within the limits and in accordance with the applicable provisions of said Rule 145, as amended from time to time, or except in a transaction which, in the opinion of counsel reasonably satisfactory to the Surviving Corporation, is exempt from registration under the Securities Act.

7.18. Shareholder Agreements. The Company will cause to be delivered to the Purchaser, on or prior to the date of filing of the Registration Statement with the SEC, a written agreement, in form and substance reasonably satisfactory to the Purchaser, from shareholders of the Company who, immediately prior to the date of filing of the Registration Statement with the SEC, hold in the aggregate not less than 50% of the outstanding shares of Company Common Stock, pursuant to which such shareholders shall agree for a period of one year from the Closing Date not to sell, transfer or otherwise voluntarily dispose of an aggregate number of shares of Surviving Common Stock received by such shareholders in the Merger which have a value (determined using the Average Market Price) equal to not less than 50% of the aggregate Merger Consideration (assuming for purposes of this Section that there will be no Dissenting Shareholders).

ARTICLE 8

CONDITIONS

8.1. Conditions to Obligation of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) This Agreement and the Merger shall have been duly approved and adopted by the requisite vote of the shareholders of the Company in accordance with applicable law;

(b) The waiting period (and any extension thereof) applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated;

(c) No law, statute, ordinance, rule, regulation, judgment, decree, order or injunction shall have been promulgated, enacted, entered or enforced by any Governmental Entity which restricts or prohibits the consummation of the Merger and, in any such case, remains in full force and effect on the Closing Date.

(d) The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC; and

(e) The NYSE shall have approved the listing, upon official notice of issuance, of the shares of Surviving Common Stock issuable upon consummation of the Merger.

8.2. Additional Conditions to Obligations of the Company. The obligations of the Company to effect the Merger are also subject to the following conditions unless waived by the Company:

(a) The representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects as of the date hereof and (having been deemed to have been made again at and as of the Closing Date) shall be true in all material respects as of the Closing Date (except for such changes therein permitted by this Agreement). The obligations of the Purchaser under this Agreement required to be performed by it at or prior to the Closing Date shall have been duly performed and complied with in all material respects as of the Closing Date. At the Closing Date, the Company shall have received a certificate, dated the Closing Date and duly executed by the President or any Executive Vice President of the Purchaser, to the effect that the conditions set forth in this Section 8.2(a) have been satisfied;

(b) All permits, authorizations, consents and approvals of any Governmental Entity required to be obtained by the Company, any of its Subsidiaries, the Purchaser or any of its Subsidiaries as a condition to the lawful consummation of the Merger which in the aggregate if not obtained, would have a Material Adverse Effect on the Purchaser and its Subsidiaries, taken as a whole, shall have been obtained;

(c) The Company shall have received opinions from Kaye, Scholer, Fierman, Hays & Handler, Mary Patricia Keefe, Esq., counsel to the Purchaser, and such other counsel reasonably satisfactory to the Company, dated the Closing Date substantially in the respective forms of Exhibits A-1, A-2 and A-3 hereto. In rendering such opinions, such counsel may rely, to the extent such counsel deems such reliance necessary or appropriate, upon the opinions of other counsel, in form and substance reasonably satisfactory to the Company, and as to matters of fact upon certificates of government officials and of any officials of the Purchaser or its Subsidiaries and upon such other documents as such counsel deems appropriate, provided that the extent of such reliance is set forth in such opinion; and

(d) No law, statute, ordinance, rule, regulation, judgment, decree, order or injunction shall have been promulgated, enacted, entered or enforced by any Governmental Entity which would have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole and, in any such case, remains in full force and effect.

8.3. Additional Conditions to Obligations of the Purchaser. The obligations of the Purchaser to effect the Merger are also subject to the following conditions unless waived by the Purchaser:

(a) The representations and warranties of the Company contained in this Agreement shall be true in all material respects as of the date hereof and (having been deemed to have been made again at and as of the Closing Date) shall be true in all material respects as of the Closing Date (except for such changes therein permitted by this Agreement). The obligations of the Company under this Agreement required to be performed by the Company at or prior to the Closing Date shall have been duly performed and complied with in all material respects as of the Closing Date. At the Closing Date, the Purchaser shall have received a certificate, dated the Closing Date and duly executed by the President or any Vice President of the Company, to the effect that the conditions set forth in this Section 8.3(a) have been satisfied;

(b) (i) All permits, authorizations, consents and approvals of any Governmental Entity required to be obtained by the Company, any of its Subsidiaries, the Purchaser or any of its Subsidiaries as a condition to the lawful consummation of the transactions contemplated hereby shall have been obtained and (ii) all consents and approvals of each Person whose consent or approval is required pursuant to any agreement or instrument prior to the consummation of the transactions contemplated hereby shall have been obtained, except with respect to the foregoing clauses (i) and (ii), such permits, authorizations, consents and approvals which in the aggregate, if not made or obtained, would not have a Material Adverse Effect on the Purchaser and its Subsidiaries, taken as a whole, or the Company and its Subsidiaries, taken as a whole;

(c) The Purchaser shall have received opinions from Montgomery, McCracken, Walker & Rhoads, counsel to the Company, and such other counsel reasonably satisfactory to the Purchaser, each dated the Closing Date, substantially in the respective forms of Exhibits B-1 through B-5. In rendering such opinions, such counsel may rely, to the extent such counsel deems such reliance necessary or appropriate, upon the opinions of other counsel, in form and substance reasonably satisfactory to the Purchaser, and, as to matters of fact, upon certificates of government officials and of any officials of the Company or its Subsidiaries and such other documents as such counsel may deem appropriate, provided that the extent of such reliance is set forth in such opinion;

(d) The Purchaser shall have received a letter of the Company's independent auditors in form and substance reasonably satisfactory to the Purchaser making the statements required by Section 7.14 on the basis of procedures set forth therein carried out by them not more than five business days prior to the Closing Date;

(e) Holders of less than 5% of the shares of the Company Common Stock shall have exercised their right to dissent and seek appraisal of such shares pursuant to the DGCL; and

(f) No law, statute, ordinance, rule, regulation, judgment, decree, order or injunction shall have been promulgated, enacted, entered or enforced by any Governmental Entity which would have a Material Adverse Effect on (i) the Company and its Subsidiaries taken as a whole or (ii) upon consummation of the Merger and the EGC Merger, on the Surviving Corporation and its Subsidiaries taken as a whole and, in any such case, remains in full force and effect on the Closing Date.

ARTICLE 9

TERMINATION, AMENDMENT AND WAIVER

9.1. Termination. This Agreement may be terminated at any time prior to the Effective Time in accordance with Section 9.2, whether prior to or after approval by the shareholders of the Company:

(a) By mutual consent of the Purchaser and the Company;

(b) By either the Purchaser or the Company if a permanent injunction is entered, enforced or deemed applicable to the Merger which prohibits the consummation of the Merger and all appeals of such injunction shall have been taken and shall have been unsuccessful;

(c) By the Purchaser if a permanent injunction is entered, enforced or deemed applicable to the EGC Merger which prohibits the consummation of the EGC Merger and all appeals of such injunction shall have been taken and shall have been unsuccessful;

(d) By either the Purchaser or the Company if at the Shareholders Meeting (including any adjournment or postponement thereof) called pursuant to Section 7.2 or any successor meeting called for the same purpose, the requisite affirmative approval of the shareholders of the Company shall not have been obtained;

(e) By either the Purchaser or the Company if any Governmental Entity, the consent of which is a condition to the obligations of the parties hereto to consummate the Merger shall have determined not to grant its consent and all appeals of such determination shall have been taken and shall have been unsuccessful;

(f) By the Purchaser if any Governmental Entity, the consent of which is a condition to the obligations of the Surviving Corporation or EGC to consummate the EGC Merger shall have determined not to grant its consent and all appeals of such determination shall have been taken and shall have been unsuccessful; or

(g) By either the Purchaser or the Company if, without fault of such terminating party, the Merger has not been consummated by May 2, 1994.

9.2. Procedure and Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1, notice thereof shall be promptly given by the terminating party to the other parties and thereafter this Agreement shall be of no further force or effect and there shall be no liability on the part of any party with respect thereto except (a) the provisions of this Section 9.2, Sections 7.10, 7.12 and 7.13, clause (c) of Section 10.4 and paragraphs (b) and (c) of Section 6.2 shall survive any such termination; provided, however, that, unless the Purchaser and the Company otherwise agree, paragraphs (b) and (c) of Section 6.2 shall not survive a termination pursuant to Section 9.1(a) if (i) the Company has provided written notice to the Purchaser, prior to any agreement to terminate this Agreement pursuant to Section 9.1(a), of any event for which notice is required pursuant to Section 6.2(a) and any payment obligation pursuant to Section 6.2(b), (ii) the Company has made any and all payments to the Purchaser required pursuant to Section 6.2(b) to be made prior to the date of such termination and (iii) the Company (A) has made any and all payments to the Purchaser required pursuant to Section 6.2(b) to be made subsequent to the date of such termination or (B) has otherwise entered into a written agreement with the Purchaser with respect to the payments referred to in the immediately preceding clause (A) and (b) nothing herein will relieve any party from liability for any willful breach of the covenants and agreements or fraudulent making of any representation or warranty contained herein.

9.3. Amendment. This Agreement may not be amended except by an instrument in writing executed on behalf of each of the parties; provided, however, that after the approval of the Merger by the shareholders of the Company, no amendments may be made which would alter or change (a) the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of the Company Common Stock upon consummation of the Merger, (b) any term of the articles of incorporation of the Purchaser or (c) any of the terms and conditions of this Agreement if such alteration or change would adversely affect the holders of any shares of the Company Common Stock.

9.4. Waiver. At any time prior to the Effective Time, the Purchaser, on the one hand, or the Company, on the other hand, may, only by an instrument in writing executed on its behalf, (a) extend the time for the performance of any of the obligations or other acts of the Company or the Purchaser, respectively, or (b) waive compliance with any of the agreements, or breach of any of the representations or warranties, of the Company or the Purchaser, respectively, or, to the extent legally permitted, with any conditions to its own obligations. Any such extension or waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure of any party to perform its obligation under this Agreement.

ARTICLE 10

GENERAL PROVISIONS

10.1. Representations and Warranties. The respective representations and warranties of the parties contained in this Agreement shall not be deemed waived or otherwise affected by any investigation made by any party. Each and every such representation and warranty shall expire at, and be terminated and extinguished with, the Effective Time and thereafter no party, or any officer, director or employee thereof or of the Surviving Corporation, shall have any liability whatsoever with respect to any such representation or warranty. Notwithstanding anything contained in this Agreement to the contrary, the agreements and covenants contained in Article 3 and Sections 7.3, 7.5, 7.8 (the last sentence only), 7.13, clause (c) of Section 10.4, and Sections 10.5 and 10.6 shall survive (and not be affected in any respect by) the Effective Time. This Section 10.1 shall have no effect upon any other obligation of any party to be performed before or after the Effective Time.

10.2. Notices. All notices and other communications hereunder shall be given by telephone or facsimile transmission and immediately confirmed in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) or by a nationally recognized overnight delivery service to the parties at the following addresses (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof):

(a) If to the Purchaser:

NUI Corporation
550 Route 202-206
P.O. Box 760
Bedminster, New Jersey 07921
(908) 781-0500
Facsimile: (908) 781-0718

Attn: President

With a copy to:

Gary Apfel, Esq.
Kaye, Scholer, Fierman, Hays & Handler
1999 Avenue of the Stars
16th Floor
Los Angeles, California 90067
(310) 788-1040
Facsimile: (310) 788-1202

(b) If to the Company:

Pennsylvania & Southern Gas Company
102 Desmond Street
Sayre, Pennsylvania 18840-2093
(717) 888-6600
Facsimile: (717) 888-0396

Attn: President

With a copy to:

Kathleen O'Brien, Esq.
Montgomery, McCracken, Walker & Rhoads
Three Parkway
20th Floor
Philadelphia, Pennsylvania 19102
(215) 665-7200
Facsimile: (215) 636-9373

10.3. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.4. Miscellaneous. This Agreement (including the documents and instruments referred to herein) (a) constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral (including the Letter of Intent), between the parties with respect to the subject matter hereof; (b) shall not be assigned by operation of law or otherwise; and (c) shall be governed by the internal laws of the State of New Jersey (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including as to validity, performance, interpretation, effect and remedies except that the provisions of this Agreement relating to the Merger shall also be governed by Delaware law. This Agreement may be executed in two or more counterparts which together shall constitute a single agreement. Any information disclosed on any Schedule hereto shall be deemed fully disclosed for the purposes of all Schedules hereto.

10.5. Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein) is not intended to confer upon any other Person any rights or remedies hereunder except that the parties hereto agree and acknowledge that the agreements and covenants contained in Section 7.5, are intended for the direct and irrevocable benefit of each and every employee and officer of the Company and its Subsidiaries (each such Person a "Third-Party Beneficiary"), and that each such Third-Party Beneficiary, although not a party to this Agreement, shall be and is a direct and irrevocable third-party beneficiary of such agreements and covenants and shall have the right to enforce such agreements and covenants against the Surviving Corporation in all respects fully and to the same extent as if such Third-Party Beneficiary were a party hereto.

10.6. Partial Invalidity. Any term or provision of this Agreement that is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, the Purchaser and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ATTEST:

By: Joseph P. Coughlin
Name: Joseph P. Coughlin
Title: Secretary

NUI CORPORATION

By:
Name: John Kean
Title: President

ATTEST:

By: Donna K. Scrivens
Name: Donna K. Scrivens
Title: Secretary

PENNSYLVANIA & SOUTHERN GAS COMPANY

By: Lyle C. Motley, Jr.
Name: Lyle C. Motley, Jr.
Title: President and CEO

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LONNA R. HOOKS
Secretary of State

CERTIFICATE OF AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

of

NUI CORPORATION

Pursuant to Section 14A: 7-2(4) of the New Jersey Business Corporation Act

NUI CORPORATION, a corporation organized and existing under the New Jersey Business Corporation Act, in accordance with the provisions of Section 14A:7-2(4) thereof, **DO HEREBY CERTIFY:**

That pursuant to the authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation of the said Corporation, the said Board of Directors on November 28, 1995 adopted the following resolutions creating a series of Preferred Stock designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Amended and Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be and it hereby is created and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional, and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall initially be one hundred thousand (100,000), no par value, such number of shares to be subject to increase or decrease by action of the Board of Directors as evidenced by a certificate of designations.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $10 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by

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reclassification or otherwise), declared on the Common Stock, no par value, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after November 28, 1995 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any quarterly Dividend Payment Date and the next subsequent quarterly Dividend Payment Date, a dividend of $10 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such share is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a Quarterly Dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of hares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of

Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board, the President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the

Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Restated Certificate of Incorporation or by-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Restated Certificate of Incorporation or by-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series

A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth hereln.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the

ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds (2/3) or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds (2/3) or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury this 1st day of December, 1995.

Attest:

James R. Van Horn
General Counsel and Secretary

John Kean, Jr.
President and Chief Executive Officer

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CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

OF

NUI CORPORATION

Pursuant to Section 14A:9-2(4) of the New Jersey Business Corporation Act

NUI CORPORATION, a corporation organized and existing under the New Jersey Business Corporation Act (the "Corporation"), in accordance with the provisions of Section 14A:9-2(4) thereof, DOES HEREBY CERTIFY:

FIRST: The name of the Corporation is NUI Corporation.

SECOND: The change to the Certificate of Incorporation of the Corporation set forth below was adopted by the Corporation's shareholders at the 2000 Annual Meeting of Shareholders held on March 27, 2000:

VOTED: that the Certificate of Incorporation of the Corporation be amended to change the name of the Corporation to NUI Utilities, Inc.

THIRD: At the Annual Meeting of Shareholders held on March 27, 2000, the total number of shares entitled to vote on the amendment was 12,807,111 shares of common stock, no par value.

FOURTH: The number of shares voting for and against such amendment was as follows:

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
8,595,769	153,863

FIFTH: This amendment shall become effective on March 1, 2001, at 4:30 p.m.

Date: March 1, 2001

NUI Corporation

By: _____
Name: John Kean, Jr.
Title: President

642-08375 00

AMC

CERTICATE OF EXCHANGE

OF

NUI CORPORATION

AND

NUI HOLDING COMPANY

FILED
MAR 1 2001
STATE TREASURER

Pursuant to Section 14A:10-13 of the New Jersey Business Corporation Act

NUI Corporation and NUI Holding Company file this Certificate of Exchange in relation to the Agreement and Plan of Exchange ("Exchange Agreement"), dated as of March 1, 2001, between NUI Corporation, a New Jersey corporation (the "Company") and NUI Holding Company, a New Jersey corporation ("NUI Holding Co.").

FIRST: The name of the acquired corporation is NUI Corporation. The name of the acquiring corporation is NUI Holding Company.

SECOND: The plan of exchange is incorporated in the Exchange Agreement, which is attached as Exhibit A.

THIRD: The Board of Directors of the Company approved the Exchange Agreement on March 23, 1999. The Board of Directors of NUI Holding Co. approved the Exchange Agreement on March 1, 2001.

FOURTH: The shareholders of the Company approved the Exchange Agreement on March 27, 2000 at the 2000 Annual Meeting of Shareholders. The shareholders of NUI Holding Co. approved the Exchange Agreement on March 1, 2001.

FIFTH: There were 12,807,111 shares of the Company's common stock, no par value, entitled to vote on adoption of the Exchange Agreement. Of these shares, the number voting for and against adoption of the Exchange Agreement was as follows:

Number of Shares Voting For Adoption	Number of Shares Voting Against Adoption
8,595,769	153,863

SIXTH: The boards of directors of the Company and NUI Holding Co. each approved the Exchange Agreement.

NYB 480569

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SEVENTH: The share exchange pursuant to this Certificate of Exchange shall be effective on March 1, 2001 at 4:30 p.m.

Date: March 1, 2001

NUI Corporation

By: _____
Name: John Kean, Jr.
Title: President

Date: March 1, 2001

NUI Holding Company

By: _____
Name: John Kean, Jr.
Title: President

AGREEMENT AND PLAN OF EXCHANGE

This AGREEMENT AND PLAN OF EXCHANGE (this "Agreement"), dated as of March 1, 2001, is between NUI CORPORATION, a New Jersey corporation (the "Company"), the company whose shares will be acquired pursuant to the Exchange described herein, and NUI Holding Company, a New Jersey corporation ("NUI Holding Co."), the acquiring company. The Company and NUI Holding Co. are hereinafter referred to, collectively, as the "Companies."

WITNESSETH:

WHEREAS, the authorized capital stock of the Company consists of (a) 30,000,000 shares of Common Stock, without par value ("Company Common Stock"), of which 13,122,429 shares are issued and outstanding, and (b) 5,000,000 shares of Preferred Stock, par value, of which no shares are issued and outstanding; the number of shares of Company Common Stock being subject to increase to the extent that shares reserved for issuance are issued prior to the Effective Time, as hereinafter defined;

WHEREAS, NUI Holding Co. is a wholly owned subsidiary of the Company with authorized capital stock consisting of (a) 30 million shares of Common Stock, without par value ("NUI Holding Co. Common Stock"), of which 100 shares are issued and outstanding and owned of record by the Company and (b) 5 million shares of Preferred Stock, without par value ("NUI Holding Co. Preferred Stock"), of which no shares are issued and outstanding;

WHEREAS, the Boards of Directors of the respective Companies deem it desirable and in the best interests of the Companies and the shareholders of the Company that each share of Company Common Stock be exchanged for a share of NUI Holding Co. Common Stock with the result that NUI Holding Co. becomes the owner of all outstanding Company Common Stock and that each holder of Company Common Stock becomes the owner of an equal number of shares of NUI Holding Co. Common Stock, all on the terms and conditions hereinafter set forth; and

WHEREAS, the Boards of Directors of the Companies have each approved and adopted this Agreement and the Board of Directors of the Company has recommended that its shareholders approve this Agreement pursuant to the New Jersey Business Corporation Act (the "Act") and the shareholders have approved this Agreement;

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WHEREAS, the parties hereto agree that at the Effective Time (as hereinafter defined) each share of Company Common Stock issued and outstanding immediately prior to the Effective Time will be exchanged for one share of NUI Holding Co. Common Stock (the "Exchange");

WHEREAS, for U.S. federal income tax purposes, it is intended that the Exchange will constitute a transaction described in section 351 of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, in consideration of the premises, and of the agreements, covenants and conditions hereafter contained in this Agreement, the parties agree as follows:

ARTICLE I

This Agreement was approved by the shareholders of the Company entitled to vote with respect thereto for approval as provided by the Act.

ARTICLE II

Subject to the satisfaction of the terms and conditions set forth in this Agreement and to the provisions of Article VI, NUI Holding Co. agrees to file with the Secretary of State of the State of New Jersey (the "Secretary of State") a Certificate of Share Exchange (the "Certificate") with respect to the Exchange, and the Exchange shall take effect upon the effective date as specified in the Certificate (the "Effective Time").

ARTICLE III

A. At the Effective Time:

(1) each share of Company Common Stock issued and outstanding immediately prior to the Effective Time shall be automatically exchanged for one share of NUI Holding Co. Common Stock, which shares shall thereupon be fully paid and non-assessable;

(2) NUI Holding Co. shall acquire and become the owner and holder of each issued and outstanding share of Company Common Stock so exchanged;

(3) each share of NUI Holding Co. Common Stock issued and outstanding immediately prior to the Effective Time shall be canceled and shall thereupon constitute an authorized and unissued share of NUI Holding Co. Common Stock;

Exchange will be treated as a transaction described in Section 351 of the Code. In rendering such opinion, LeBoeuf shall be entitled to rely upon customary assumptions and representations of the Company and NUI Holding Company that are in form and substance reasonably satisfactory to LeBoeuf.

ARTICLE V

Following the Effective Time, each outstanding certificate which, immediately prior to the Effective Time, represented Company Common Stock shall be deemed and treated for all corporate purposes to represent the ownership of the same number of shares of NUI Holding Co. Common Stock. The holders of Company Common Stock at the Effective Time shall have no right to have their shares of Company Common Stock transferred on the stock transfer books of the Company, and such stock transfer books shall be deemed to be closed for this purpose at the Effective Time.

ARTICLE VI

This Agreement may be amended, modified or supplemented, or compliance with any provision or condition hereof may be waived, at any time, by the mutual consent of the Boards of Directors of the Company and of NUI Holding Co.; provided, however, that no such amendment, modification, supplement or waiver shall be made or effected, if such amendment, modification, supplement or waiver would, in the judgment of the Board of Directors of the Company, materially and adversely affect the shareholders of the Company.

Notwithstanding shareholder approval of this Agreement, this Agreement may be terminated and the Exchange and related transactions abandoned at any time prior to the time the Certificate is filed with the Secretary of State, if the Board of Directors of the Company determines, in its sole discretion, that consummation of the Exchange would be inadvisable or not in the best interests of the Company or its shareholders.

IN WITNESS WHEREOF, each of the Company and NUI Holding Co., pursuant to authorization and approval given by its Board of Directors, has caused this Agreement to be executed as of the date first above written.

NUI CORPORATION

By:
Name: John Kaan, Jr.
Title: President

NUI HOLDING COMPANY

By:
Name: John Kaan, Jr.
Title: President

AMC

FILED

DEC 8 2003

State Treasurer

CERTIFICATE OF AMENDMENT OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF NUI UTILITIES, INC.

Pursuant to Section 14A:9-2(4) of the New Jersey Business Corporation Act

NUI UTILITIES, INC., a corporation organized and existing under the New Jersey Business Corporation Act (the "Corporation"), in accordance with the provisions of Section 14A:9-2(4) thereof, DOES HEREBY CERTIFY:

FIRST: The name of the Corporation is NUI Utilities, Inc.

SECOND: The change to the Amended and Restated Certificate of Incorporation of the Corporation set forth below was adopted by the Corporation's sole shareholder at the Special Meeting of the Sole Shareholder held on November 24, 2003:

Article VII (a) of the Amended and Restated Certificate of Incorporation of the Corporation is hereby deleted in its entirety and is replaced as follows:

> "Except as otherwise fixed pursuant to Article VI relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation, or to elect additional Directors under specified circumstances, the Board of Directors shall consist of at least six (6) and no more than twenty-five (25) persons; provided, however, that the authorized number of Directors may be changed to any number between six (6) and twenty five (25) from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption)."

THIRD: At the Special Meeting of the Sole Shareholder held on November 24, 2003, the total number of shares entitled to vote on the amendment was 12,807,111 shares of common stock, no par value.

FOURTH: The number of shares voting for and against such amendment was as follows:

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
12,807,111	0

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FIFTH: This amendment shall become effective on November 24, 2003.

Date: December 2, 2003

NUI UTILITIES, INC.

By: Mary Patricia Keefe
Name: mary Patricia Keefe
Title: Vice President & Corporate Secretary

TOTAL P.05

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FILED
NOV 30 2004
STATE TREASURER

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF NUI UTILITIES, INC.

*****

Pursuant to Section 14A:9-2(4) of the New Jersey Business Corporation Act:

NUI UTILITIES, INC., a corporation organized and existing under the New Jersey Business Corporation Act (the "Corporation"), in accordance with the provisions of Section 14A:9-2(4) thereof, DOES HEREBY CERTIFY:

FIRST: The name of the Corporation is NUI Utilities, Inc.

SECOND: The changes to the Amended and Restated Certificate of Incorporation of the Corporation set forth below were adopted by the Corporation's sole shareholder by the Action of the Sole Shareholder by Unanimous Written Consent in Lieu of Meeting dated November 30, 2004:

Article VII of the Amended and Restated Certificate of Incorporation of the Corporation is hereby deleted in its entirety and is replaced as follows:

"Except as otherwise fixed pursuant to Article VI relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation, or to elect additional Directors under specified circumstances, the Board of Directors shall consist of one or more persons as determined in accordance with the Bylaws of the Company."

THIRD: The number of shares entitled to vote on the amendment was 12,807,111.

FOURTH: The number of shares voting for and against such amendment was as follows:

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
12,807,111	0

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FIFTH: This amendment shall become effective on November 30, 2004.

NUI UTILTIES, INC.

By: _____
Kevin P. Madden
Chairman of the Board of Directors

NYCS47065.2

CGN

FILED
MAR 11 2005
STATE TREASURER

CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
NUI UTILITIES, INC.

Pursuant to Section 14A:9-4(3) of the New Jersey Business Corporation Act, NUI Utilities, Inc. executes the following Certificate of Amendment.

1. The name of the corporation is NUI Utilities, Inc. (the "Company").

2. The Amended and Restated Certificate of Incorporation of the Company is amended by deleting Article I in its entirety and replacing it with a new Article I to read as follows:

"ARTICLE I.

The name of the Company is Pivotal Utility Holdings, Inc."

3. The amendment was adopted by the sole shareholder of the Company on March 1, 2005.

4. The Company has 12,807,111 shares outstanding and entitled to vote on the amendment, all of which voted for the amendment.

[Signature appears on the following page]

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J2889135

NUI UTILITIES, INC.

Date: March 11, 2005

By: Myra Coleman
Myra Coleman
Corporate Secretary

STATE OF NEW JERSEY
DEPARTMENT OF TREASURY
FILING CERTIFICATION (CERTIFIED COPY)

PIVOTAL UTILITY HOLDINGS, INC.

I, the Treasurer of the State of New Jersey, do hereby certify, that the above named business did file and record in this department the below listed document(s) and that the foregoing is a true copy of the
Certificate Of Incorporation
Amendments
Name Changes
Corrections
Restated
And Mergers
as the same is taken from and compared with the original(s) filed in this office on the date set forth on each instrument and now remaining on file and of record in my office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at Trenton, this 18th day of April, 2005

John E McCormac, CPA
State Treasurer

In the Matter of the Application of The Havre de Grace Gas Company of Harford County.

- - - - - - - - -

Before the County Commissioners of Cecil County.

- - - - - - - - -

Upon application in writing of The Havre de Grace Gas Company of Harford County and after due consideration thereof, it is this 2nd day of October in the year 1928, ORDERED by the County Commissioners of Cecil County that pursuant to Section 177 of Article 23 of Bagby's Code of Public General Laws of Maryland, the assent of the County Commissioners of Cecil County be and it is hereby given to The Havre de Grace Gas Company of Harford County, and to its successors and assigns, and said corporation and its successors and assigns are hereby authorized and empowered with the assent of the County Commissioners of Cecil County, as hereinafter set forth, to lay mains, pipes, conductors and conduits in, through, along and under the streets, squares, lanes, alleys and roads, paved or unpaved, in Cecil County and to connect the same with any manufactory, public or private building, lamps or other structure or object, and with the place of supply;

PROVIDED, however that the same shall not be so installed as to incommode the public use of said streets, squares, lanes, alleys and roads, and PROVIDED, further that such assent is subject to any law or ordinance that may be passed by the County Commissioners of Cecil County for filling up or restoring such streets, squares,

lanes, alleys and roads to their former condition and subject further to such regulations as may from time to time be made by the County Commissioners of Cecil County with respect to the manner in which any such mains, pipes, conductors and conduits shall be laid, constructed or built, including approval of specifications as to the methods and seasons for doing such work and opening and filling and restoring such streets, squares, lanes, alleys and roads; and PROVIDED, that whenever any such streets, squares, lanes, alleys and roads shall be legally closed or relocated by the County Commissioners of Cecil County, the said The Havre de Grace Gas Company of Harford County at its own expense shall remove its lines from any roads so closed or rebuild them on roads so relocated; and

PROVIDED, further, that before this assent shall become effective the conditions thereof shall be accepted by The Havre de-Grace Gas Company of Harford County and in said acceptance the said The Havre de Grace Gas Company of Harford County agrees to save harmless thereby the County Commissioners of Cecil County from any and all liability for or on account of any injury to any person or to the property of any person by reason of any act or thing authorized to be done under such assent, or in the maintenance of any structure or object installed, constructed or built under the authority of such assent by The Havre de Grace Gas Company of Harford County, and from any damages claimed against them by reason of the granting of such assent, and from all actions, claims, suits, charges and judgments for any such liabilities or damages, and all costs, counsel fees and expenses incident thereto, and it is further agreed that such assent is subject to the following provisions;-

1 - Nothing in this assent shall give the said The Havre de Grace Gas Company of Harford County any rights along any road or roads in Cecil County made and maintained by the State Roads Commission of Maryland, nor on, along or under any road or street within the limits of any incorporated town of Cecil County.

2 - All mains, pipes, conductors and conduits laid, constructed or installed in pursuance of this assent shall be so located as not to interfere with the proper drainage of any of the public roads of Cecil County.

3 - Nothing herein contained shall be construed to give or grant unto The Havre de Grace Gas Company of Harford County any exclusive rights or to prevent the giving of similar privileges to another Company or Companies.

4 - All privileges given under this order or assent shall be operative only so far as the County Commissioners have jurisdiction and control over said roads. The Havre de Grace Gas Company of Harford County shall be required to obtain any further rights and privileges from the abutting landowners or from whomsoever they may desire the same.

5 - Nothing herein contained shall be construed as waiving or relinquishing any right of taxation the said Board of County Commissioners or their successors may have at any time, now or hereafter, against the said The Havre de Grace Gas Company of Harford

County its successors or assigns, or the property of said Gas Company or the property of its successors.

6 - That any and all excavations made in any of the streets, squares, lanes, alleys and roads, paved or unpaved in Cecil County, by the said The Havre de Grace Gas Company of Harford County, its successors or assigns, for the purpose of laying said mains and pipes and for making any repairs or additions thereto, shall be subject to the control of the Board of County Commissioners of Cecil County, and all work done in pursuance of this resolution shall be done and completed to the satisfaction of said Commissioners; and the stone, dirt and other material taken from the trenches and ditches shall be replaced therein with the dirt in the bottom, and the crushed and broken stone on the top; all excess dirt to be removed and the said streets, squares, lanes, alleys and roads cleaned up as the work progresses; all paving to be replaced in as good condition as the same was immediately before the beginning of the excavation therein. Any and all holes, depressions and washouts that may occur or be discovered during the said construction or within a period of one (1) year after the completion of the work shall be repaired promptly at the expense of the said The Havre de Grace Gas Company of Harford County, its successors or assigns. If any of the work undertaken hereunder by the said The Havre de Grace Gas Company of Harford County shall not be done and completed to the satisfaction of the said Commissioners of Cecil County, and the said The Havre de Grace Gas Company of Harford County shall fail, refuse or neglect to complete

the same to the satisfaction of said Commissioners after ten (10) days' notice in writing to that effect, the said Commissioners may immediately have said work done and completed to their satisfaction by a competent contractor for the account, and at the expense of the said The Havre de Grace Gas Company of Harford County, its successors or assigns.

7 - The said The Havre de Grace Gas Company of Harford County, by its acceptance of this resolution, hereby agrees to reimburse the County Commissioners of Cecil County for any and all costs or charges to which said Commissioners may be put in the inspection of the work contemplated to be done hereunder, as well as for any expense to which the said Commissioners may be put in the repairing or replacement of any of the streets, squares, lanes, alleys and roads, paved or unpaved in Cecil County by reason of anything done therein by the said The Havre de Grace Gas Company of Harford County, its successors or assigns.

8 - The Havre de Grace Gas Company of Harford County shall by its proper officers within twenty (20) days from the date of the passage of this order signify in writing its acceptance of all the terms, conditions, regulations and restrictions in this order contained in default of which all of the same shall become null and void, and of no effect.

James P. McCoy

W. D. Ewing

David T. Reed

COUNTY COMMISSIONERS OF CECIL COUNTY

ACCEPTED this 4th day of Oct., 1928.

THE HAVRE DE GRACE GAS COMPANY
OF HARFORD COUNTY

By N. H. Gellert

President.

I hereby certify that the aforegoing is a true copy of the resolution of the County Commissioners of Cecil County, passed on 2nd day of Oct. 1928, as the same is duly recorded among the minutes of the meeting of said Commissioners of that date.

W. Herbert Baker

Clerk.

(SEAL)

ORDINANCE NO.

AN ORDINANCE authorizing and permitting the Elkton Gas Company, its successors and assigns, to lay pipes, conductors and conduits in, through, along and under the public streets, highways, squares and public grounds, paved and unpaved, in the Town of Elkton and to do and perform all things necessary for or incident to the construction, operation and maintenance of a gas works and system of mains for the purpose of conducting gas in, through and along said pipes, conductors and conduits for the purpose of supplying the said town of Elkton and the residents thereof with gas for heat, light and fuel purposes.

Section 1 - BE IT ENACTED AND ORDAINED by The President and Commissioners of the Town of Elkton that consent, permission and authority be and it is hereby given and granted to Elkton Gas Company, its successors and assigns to lay pipes, conductors and conduits in, through, along and under the public streets, highways, squares and public grounds, paved and unpaved, in the Town of Elkton, in Cecil County and State of Maryland, and to do and perform all things necessary for or incident to the construction, operation and maintenance of a gas works and system of mains for the purpose of conducting gas in, through and along said pipes, conductors and conduits for the purpose of supplying the said Town of Elkton and the residents of said town with gas for heat, light and fuel purposes; PROVIDED,

Section 2 - THAT the said Elkton Gas Company, its successors and assigns, shall and will at no time unnecessarily affect or impede

public travel or jeopardize the safety of the traveling public by the laying of said gas pipes, conductors and conduits and doing all things incident to the construction, operation and maintenance of its gas works and plant within the corporate limits of said town.

Section 3 - THAT up to two thousand (2,000) feet, if reasonably necessary in the discretion of the President and Commissioners of the Town of Elkton, of the said streets, highways, squares and public grounds, paved and unpaved, of the said Town of Elkton, may at any one time be excavated for the purposes aforesaid; no such excavation shall remain uncovered for longer than six (6) days and within six (6) days from the time the same are first opened the stone, dirt, and other material taken from the trenches and ditches shall be replaced therein with the dirt in the bottom and the crushed and broken stone in the top; said replacement to be made and tamped as soon as the pipes are laid and all excess dirt to be removed and the streets cleaned up as the work progresses; all paving to be replaced in as good condition as the same was immediately before the beginning of excavation therein. Any and all holes, depressions and washouts that may occur or be discovered during said construction, or after the completion of the work, shall be repaired promptly at the expense of the said Elkton Gas Company, its successors and assigns. There shall be no interference with the water mains or connections and any damage to them caused by the said Elkton Gas Company, its Agents, servants or employees shall be immediately repaired at the sole expense of the said Elkton Gas Company, or its successors or assigns.

Section 4 - THAT any and all excavations made in the said streets, highways, squares and public grounds, by the said Elkton Gas Company, its successors and assigns, for the purpose of laying said pipes, conductors and conduits and for making any repairs or additions thereto shall be made only in pursuance of a permit obtained from The President and Commissioners of the Town of Elkton before the work shall be begun and said work shall be done under the supervision of the said The President and Commissioners of the Town of Elkton or a Committee thereof, and duly appointed thereby, for the supervision of the same, and shall be made in a manner approved by said President and Commissioners or said Committee. And during such periods of time as the said Elkton Gas Company may be engaged in such general work in the way of the installation and replacement of its pipes, conductors and conduits as will require a general tearing up of the streets or highways of said Town and digging of extensive trenches therein, and thereby make necessary the constant supervision of said work, the said Elkton Gas Company, its successors and assigns, shall pay for such supervision the sum of seven dollars ($7.00) per day so long as said work is in progress; but this provision for payment is not intended and shall not be construed to apply to the ordinary and usual work of repairs and replacements such as will, from time to time, be necessary to enable the said Elkton Gas Company to operate efficiently and to preserve and keep in good repair its said pipes, conductors and conduits, or while making service connections therewith.

Section 5 - THAT in case the said pipes, conductors and

conduits laid as aforesaid shall hereafter interfere with the change of grade of any of the streets, highways, squares and public grounds, or with the installation of water or sewer pipes, or mains, then the said Elkton Gas Company, its successors and assigns, shall and will without expense to the said Town and without delay after a written request from the said The President and Commissioners of the Town of Elkton so to do relay its said pipes, conductors and conduits in such manner as to conform to the new grade so established for said streets, highways, squares and public grounds, or any of them, and so as not to interfere with the installation of water or sewer pipes or mains; and said pipes, conductors and conduits of the said Elkton Gas Company shall be so laid and maintained as not to damage in any way shade trees planted and growing along any of said streets, highways, squares and public grounds.

Section 6 - THAT the said Elkton Gas Company, its successors and assigns, shall be subject to all future reasonable regulations and/or ordinances enacted by the said The President and Commissioners of the Town of Elkton.

Section 7 - THAT the said Elkton Gas Company immediately upon the passage and acceptance of this Ordinance shall furnish a satisfactory bond to the said Town of Elkton in the penalty of five thousand dollars ($5,000.00) conditioned that it, the said Elkton Gas Company, its successors and assigns, shall and will at all times save, defend, indemnify and keep harmless the said Town of Elkton from all damages to persons and property, or injuries to public property

resulting from or arising out of the laying of said pipes, conductors and conduits in, through, along and under the public streets, highways and public grounds of the said Town of Elkton.

PROVIDED, however, that when the work to be done hereunder shall require a general tearing up of the streets of the said Town of Elkton, and the digging of extensive trenches therein, the said Elkton Gas Company, its successors or assigns, shall furnish an additional bond satisfactory to the said Town of Elkton, and conditioned as aforesaid, in the penalty of twenty thousand dollars ($20,000.), the same to remain in force during such time as the said general work of installing and replacing the said pipes, conductors and conduits may be in progress and thereafter until the said streets, highways, squares and public grounds shall be restored to condition as required by this Ordinance.

Section 8 - THAT the said Elkton Gas Company, its successors and assigns, shall and will within ten days after the approval of this Ordinance, file with the Clerk of the said The President and Commissioners of the Town of Elkton, written acceptance of all the provisions contained herein.

Section 9 - THAT said Elkton Gas Company, its successors and assigns, shall install the services from the mains to the inside of the houses of the consumers and set the meter free of cost, where the distance from the main to the wall of the house does not exceed fifty (50) feet, and this clause to be in effect the first two years of operation.

Section 10 - THAT said Elkton Gas Company, its successors and assigns, shall upon the order of The President and Commissioners of the Town of Elkton extend its main within the town limits where consumers average ten per thousand feet.

Section 11 - THAT the said Elkton Gas Company, its successors and assigns, shall and will charge for gas furnished to the said town of Elkton and the inhabitants thereof, in accordance with the rate schedule as approved by the Public Service Commission of the State of Maryland.

Section 12 - THAT the said Elkton Gas Company, its successors and assigns, shall and will, as soon as the bill is rendered therefor, pay to the Clerk of the President and Commissioners of said town, the costs, expenses and counsel fees incident to the drafting, advertising and passage of this Ordinance.

Section 13 - THAT the said Elkton Gas Company, its successors and assigns, before beginning to lay its mains, pipes, conductors and conduits in, through, along and under any of the streets or highways of the town of Elkton which have heretofore or may hereafter be under control and jurisdiction of the State Roads Commission of Maryland shall obtain the consent of the said State Roads Commission of Maryland to the laying of its mains, pipes, conductors or conduits in, through, along or under the same.

Section 14 - THAT this Ordinance shall take effect immediately upon its final passage and acceptance in writing by the

said Elkton Gas Company.

ORDAINED AND ENACTED this 21st day of February, A. D. 1929.

(Corporate Seal)
Attest:

A. F. Hubbard
Secretary

THE PRESIDENT AND COMMISSIONERS OF THE TOWN OF ELKTON,

By T. W. McKinney,
President.

ACCEPTED this 21st day of February, 1929.

ELKTON GAS COMPANY,

(Corporate Seal)

By N. H. Gellert,
President.

Attest: R. D. Sterner,
Asst. Secretary.

Elkton, Maryland, March 21st, 1929.

At a meeting of The President and Commissioners of the Town of Elkton, duly called and held on the 20th day of February, 1929, amongst other proceedings were the following:-

> "Mr. Philip H. Close, Counsel, presented a revision of the proposed Ordinance for the Elkton Gas Company to install pipes, conductors and conduits in the streets, alleys, highways, squares and public grounds in the Town of Elkton, and to perform all things necessary for the construction, operation and maintenance of a gas works and system of mains for conducting gas for the purpose of supplying the Town of Elkton and the residents thereof with gas for heat, light and fuel purposes."

After careful consideration on motion duly seconded, the above Ordinance in the form hereto attached was passed and in pursuance thereof the said Ordinance was duly executed by the said The President and Commissioners of the Town of Elkton, and was on the 21st day of February, 1929, duly accepted by the Elkton Gas Company.

Therefore, I DeLancey Scott, Asst., Secretary of the said The President and Commissioners of the Town of Elkton, do hereby certify that the aforegoing is a true copy taken from the records of the President and Commissioners of the Town of Elkton, of which I am the Secretary; that the Ordinance above set forth was duly passed as shown by the minutes of said meeting of the 20th day of February, 1929, and the same was duly executed by T. W. McKinney who signed the same as the President of said Board and by myself as Asst. Secretary, under the authority of the resolution passed on the said

20th day of February, 1929; that said Ordinance was duly accepted by the said Elkton Gas Company on the 21st of February, 1929, and thereafter publication of said Ordinance was duly made as required by the charter of said Town of Elkton.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The President and Commissioners of the Town of Elkton.

Asst. Secretary.

purpose of securing its consent to the consummation thereof and the Commission having determined that a hearing is unnecessary,

IT IS, THEREFORE, this 11th day of July, in the year Nineteen Hundred and Twenty-nine, by the Public Service Commission of Maryland,

Ordered, That the consent of this Commission be, and the same is hereby, given to the disposition of the property described in said agreement, or other written instrument, evidencing the transaction in accordance with the terms outlined therein.

ORDER No. 14623

In the Matter of

The Joint Application of THE ELKTON GAS COMPANY and THE HAVRE DE GRACE GAS COMPANY OF HARFORD COUNTY for An Order Consenting to the Assignment by the Latter to the Former of Certain Rights Under the Franchise Granted to It by a Resolution of the County Commissioners of Cecil County, Dated October 2nd, 1928, and Permitting and Approving the Exercise by the Said The Elkton Gas Company of the Rights So to Be Assigned to It and of the Franchise Granted to It by An Ordinance of the President and Commissioners of the Town of Elkton, Passed February 20th, 1929, and the Beginning of Construction by The Elkton Gas Company of a Gas Transmission Line Between the Town of Elkton and the Maryland-Delaware State Line.

Before the

Public Service Commission

of Maryland

Case No. 2945

WHEREAS, joint application has been made to this Commission by The Elkton Gas Company and The Havre de Grace Gas Company of Harford County, corporations organized under the laws of the State of Maryland, for an order consenting to the assignment by the latter to the former of certain rights under the franchise granted to it by a resolution of the County Commissioners of Cecil County, dated October 2nd, 1928, and permitting and approving the exercise by The Elkton Gas Company of the rights so to be assigned to it and of the the franchise granted to it by an ordinance of the President and Commissioners

of the Town of Elkton, passed February 20th, 1929, and the beginning of construction by the said The Elkton Gas Company of a gas transmission line between the Town of Elkton and the Maryland-Delaware State Line, along the public road leading from said Town of Elkton to Newark, Delaware, all as set forth in the petition herein; a certified copy of the said resolution and a certified copy of the said ordinance having been filed in this proceeding; and

WHEREAS, the application having come on to be heard on July 2nd, 1929, after due notice published pursuant to the provisions of the Commission's Order No. 14579, entered June 21st, 1929, and it being the opinion and finding of the Commission, after due hearing, that the assignment by The Havre de Grace Gas Company of Harford County to The Elkton Gas Company of certain rights under the franchise granted to it by the said resolution of the County Commissioners of Cecil County and the exercise by The Elkton Gas Company of the rights so to be assigned to it and of the franchise granted to it by the said ordinance of the President and Commissioners of the Town of Elkton and the beginning of construction by the said The Elkton Gas Company of the said gas transmission line, as set forth in the petition herein, are necessary and convenient for the public service,

IT IS, THEREFORE, this 12th day of July, in the year Nineteen Hundred and Twenty-nine, by the Public Service Commission of Maryland,

Ordered, (1) That the consent of the Commission be, and the same is hereby, given to the assignment by The Havre de Grace Gas Company of Harford County to The Elkton Gas Company of certain rights under the franchise granted to it by a resolution of the County Commissioners of Cecil County, dated October 2nd, 1928.

(2) That the exercise by the said The Elkton Gas Company of the rights to be assigned to it pursuant to the provisions of this order and of the said franchise granted to it by an ordinance of the President and Commissioners of the Town of Elkton, passed February 20th, 1929, and the beginning of construction thereunder by the said Company of a gas transmission line between the Town of Elkton and the Maryland-Delaware State Line, along the public road leading from said Town of Elkton to Newark, Delaware, as set forth in the petition herein, be, and the same are hereby, permitted and approved, provided, that the construction of the said line shall be completed within three months of the date of this order.

In the Matter of the Application of The Elkton Gas Company of Elkton, Maryland

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Before the County Commissioners of Cecil County

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Upon application in writing of The Elkton Gas Company of Elkton, Maryland, and after due consideration thereof, it is this 11th day of February , in the year 1958, ORDERED by the County Commissioners of Cecil County that pursuant to Section 158 of Article 23 of the Public General Laws of Maryland, the assent of the County Commissioners of Cecil County be and it is hereby given to The Elkton Gas Company, and to its successors and assigns, and said corporation and its successors and assigns are hereby authorized and empowered with the assent of the County Commissioners of Cecil County, as hereinafter set forth, to lay mains, pipes, conductors and conduits in, through, along and under the streets, squares, lanes, alleys and roads, paved or unpaved, in Cecil County and to connect the same with any manufactory, public or private building, lamps or other structure or object, and with the place of supply;

PROVIDED, however that the same shall not be so installed as to incommode the public use of said streets, squares, lanes, alleys and roads, and PROVIDED, further that such assent is subject to any law or ordinance that may be passed by the County Commissioners of Cecil County for filling up or restoring such streets, squares, lanes, alleys and roads to their former con-

dition and subject further to such regulations as may from time be made by the County Commissioners of Cecil County with respect to the manner in which any such mains, pipes, conductors and conduits shall be laid, constructed or built, including approval of specifications as to the methods and seasons for doing such work and opening and filling and restoring such streets, squares, lanes, alleys and roads; and PROVIDED, that whenever any such streets, squares, lanes, alleys and roads shall be legally closed or relocated by the County Commissioners of Cecil County, the said The Elkton Gas Company at its own expense shall remove its lines from any roads so closed or rebuild them on roads so relocated; and

PROVIDED, further, that before this assent shall become effective the conditions thereof shall be accepted by The Elkton Gas Company, and in said acceptance the said The Elkton Gas Company agrees to save harmless thereby the County Commissioners of Cecil County from any and all liability for or on account of any injury to any person or to the property of any person by reason of any act or thing authorized to be done under such assent, or in the maintenance of any structure or object installed, constructed or built under the authority of such assent by The Elkton Gas Company, and from any damages claimed against them by reason of the granting of such assent, and from all actions, claims, suits, charges and judgments for any such liabilities or damages, and all costs, counsel fees and expenses

County, by the said The Elkton Gas Company, its successors or assigns, for the purpose of laying said mains and pipes and for making any repairs or additions thereto, shall be subject to the control of the Board of County Commissioners of Cecil County, and all work done in pursuance of this resolution shall be done and completed to the satisfaction of said Commissioners; and the stone, dirt and other material taken from the trenches and ditches shall be replaced therein with the dirt in the bottom, and the crushed and broken stone on the top; all excess dirt to be removed and the said streets, squares, lanes, alleys and roads cleaned up as the work progresses; all paving to be replaced in as good condition as the same was immediately before the beginning of the excavation therein. Any and all holes, depressions and washouts that may occur or be discovered during the said construction or within a period of one (1) year after the completion of the work shall be repaired promptly at the expense of the said The Elkton Gas Company, its successors or assigns. If any of the work undertaken hereunder by the said The Elkton Gas Company shall not be done and completed to the satisfaction of the said Commissioners of Cecil County, and the said The Elkton Gas Company shall fail, refuse or neglect to complete the same to the satisfaction of said Commissioners after ten (10) days' notice in writing to that effect, the said Commissioners may immediately have said work done and completed to their satisfaction by a competent contractor for the account,

and at the expense of the said The Elkton Gas Company, its successors or assigns.

6 - The said The Elkton Gas Company, by its acceptance of this resolution, hereby agrees to reimburse the County Commissioners of Cecil County for any and all costs or charges to which said Commissioners may be put in the inspection of the work contemplated to be done hereunder, as well as for any expense to which the said Commissioners may be put in the repairing or replacement of any of the streets, squares, lanes, alleys and roads, paved or unpaved in Cecil County by reason of anything done therein by the said The Elkton Gas Company, its successors or assigns.

7 - The Elkton Gas Company shall by its proper officers within twenty (20) days from the date of the passage of this order signify in writing its acceptance of all the terms, conditions, regulations and restrictions in this order contained in default of which all of the same shall become null and void, and of no effect.

Thomas N. Kay

Thomas N. Kay

Ira A. Moore

Ira A. Moore

Harvey E. Simmers

Harvey E. Simmers

COUNTY COMMISSIONERS OF CECIL COUNTY

ACCEPTED this 21st day of February , 1958.

THE ELKTON GAS COMPANY OF ELKTON, MARYLAND

By W. W. Devore
Vice-President

I hereby certify that the aforegoing is a true copy of the resolution of the County Commissioners of Cecil County, passed on the 11th day of February , 1958, as the same is duly recorded among the minutes of the meeting of said Commissioners of that date.

Harold Henderson

Clerk.

PUBLIC SERVICE COMMISSION
OF MARYLAND

ORDERED: That the exercise by The Elkton Gas Company of the rights, privileges and franchise granted to it by the County Commissioners of Cecil County, Maryland, by a resolution passed on February 11, 1958, and the beginning of construction thereunder of an extension of its gas distribution system in the Third Election District of Cecil County, as set forth in this proceeding, be, and the same are hereby, authorized.

Commissioners

IN THE MATTER OF THE APPLICATION OF ELKTON GAS SERVICE,
DIVISION OF PENNSYLVANIA & SOUTHERN GAS COMPANY,
A DELAWARE CORPORATION

BEFORE THE COUNTY COMMISSIONERS OF
CECIL COUNTY

Upon Application in writing of Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, a Delaware corporation, and after due consideration thereof, it si this 19th day of May, in the year 1959, ORDERED by the County Commissioners of Cecil County that pursuant to Section 166 of Article 23 of the Public General Laws of Maryland, the assent of the County Commissioners of Cecil County be and it is hereby given to Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, a Delaware corporation, and to its successors and assigns, and said corporation and its successors and assigns are hereby authorized and empowered with the assent of the County Commissioners of Cecil County, as hereinafter set forth, to lay mains, pipes, conductors and conduits in, through, along and under the streets, squares, lanes, alleys and road, paved and unpaved, in the Fourth and Fifth Election Districts of Cecil County and to connect the same with any manufactory, public or private building, lamps or other structure or object, and with the place of supply;

PROVIDED, however, that the same shall not be so installed as to incommode the public use of said streets, squares, lanes, alleys and roads, and PROVIDED, further that such assent is subject to any law or ordinance that may be passed by the County Commissioners of Cecil County for filling up or restoring such

streets, squares, lanes, alleys and roads to their former condition and subject further to such regulations as may from time be made by the County Commissioners of Cecil County with respect to the manner in which any such mains, pipes, conductors and conduits shall be laid, constructed or built, including approval of specifications as to the methods and seasons for doing such work and opening and filling and restoring such streets, squares, lanes, alleys and roads; and PROVIDED, that whenever any such streets, squares, lanes, alleys, and roads shall be legally closed or relocated by the County Commissioners of Cecil County, the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company at its own expense shall remove its lines from any roads so closed or rebuild them on roads so relocated; and PROVIDED, that this Assent shall not preclude future, similar assents or assent, being given to some future applicant or applicants, if any there be; and

PROVIDED, further, that before this assent shall become effective the conditions thereof shall be accepted by Elkton Gas Service, Division of Pennsylvania & Southern Gas Company and in said acceptance the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company agrees to save harmless thereby the County Commissioners of Cecil County from any and all liability for or on account of any injury to any person or to the property of any person by reason of any act or thing authorized to be done under such assent, or in the maintenance of any structure or object installed, constructed or built under the authority of such assent by Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, and from any damages claimed against them by reason of the granting of such assent, and from all actions

claims, suits, charges and judgments for ... such liabilities or damages, and all costs, counsel fees, and expenses incident thereto, and it is further agreed that such assent is subject to the following provisions:-

1 - Nothing in this assent shall give the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company any rights along any road or roads in Cecil County made and maintained by the State Roads Commission of Maryland, nor on, along or under any road or street within the limits of any incorporated town of Cecil County.

2 - All mains, pipes, conductors and conduits laid, constructed or installed in pursuance of this assent shall be so located as not to interfere with the proper drainage of any of the public roads of Cecil County.

3 - All privileges given under this order or assent shall be operative only so far as the County Commissioners have jurisdiction and control over said roads. The Elkton Gas Service, Division of Pennsylvania & Southern Gas Company shall be required to obtain any further rights and privileges from the abutting landowners or from whomsoever they may desire the same.

4 - Nothing herein contained shall be construed as waiving or relinquishing any right of taxation the said Board of County Commissioners or their successors may have at any time, now or hereafter, against the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, its successors or assigns, or the property of said Gas Company or the property of its successors.

5 - That any and all excavations made in any of the streets squares, lanes, alleys and roads, paved or unpaved in Cecil County, by the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, its successors or assigns, for the purpose of laying said mains and pipes and for making any repairs or additions thereto, shall be subject to the control of the Board of County Commissioners of Cecil County, and all work done in pursuance of this resolution shall be done and completed to the satisfaction of-said Commissioners; and the stone, dirt and other material taken from the trenches and ditches shall be replaced therein with the dirt in the bottom, and the crushed and broken stone on the top; all excess dirt to be removed and the said streets, squares, lanes, alleys and roads cleaned up as the work progresses; all paving to be replaced in as good condition as the same was immediately before the beginning of the excavation therein. Any and all holes, depressions and washouts that may occur or be discovered during the said construction or within a period of one (1) year after the completion of the work shall be repaired promptly at the expense of the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, its successors or assigns. If any of the work undertaken hereunder by the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company shall not be done and completed to the satisfaction of the said Commissioners of Cecil County, and the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company shall fail, refuse or neglect to complete the same to the satisfaction of said Commissioners after ten (10) days notice in writing to

that effect, the said Commissioners may immediately have said work done and completed to their satisfaction by competent contractor for the account, and at the expense of the said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, its successors or assigns.

6 - The said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, by its acceptance of this resolution, hereby agrees to reimburse the County Commissioners of Cecil County for any and all costs or charges to which said Commissioners may be put in the inspection of the work contemplated to be done hereunder, as well as for any expense to which the said Commissioners may be put in the repairing or replacemaent of any of the streets, squares, lanes, alleys and roads, paved or unpaved in the Fourth and Fifth Election Districts of Cecil County by reason or anything done therein by said Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, its successors or assigns.

7 - The Elkton Gas Service, Division of Pennsylvania & Southern Gas Company, a Delaware corporation, shall by its proper officers within twenty (20) days from the date of the passage of this order signify in writing its acceptance of all the terms, conditions, regulations and restrictions in this order contained in default of which all of the same shall become null and void, and of no effect.

John R. Dickerson

Thomas N. Kay

Howard B. Jones

COUNTY COMMISSIONERS OF CECIL COUNTY

ACCEPTED this 21st day of May , 1959.

ELKTON GAS SERVICE, Division
of Pennsylvania & Southern
Gas Company, a Delaware corporation

By W. W. Devore
W. W. Devore
Vice-President

I hereby certify that the aforegoing is a true copy of the resolution of the County Commissioners of Cecil County, passed on the 19th day of May , 1959, as the same is duly recorded among the minutes of the meeting of said Commissioners of that date.

Harold Henderson
Clerk

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PUBLIC SERVICE COMMISSION
OF MARYLAND

ORDER NO. 54781

IN THE MATTER OF THE APPLICATION OF PENNSYLVANIA AND SOUTHERN GAS COMPANY, A DELAWARE CORPORATION, THE ELKTON GAS SERVICE DIVISION FOR THE APPROVAL OF A FRANCHISE GRANTED IT BY THE COUNTY COMMISSIONERS OF CECIL COUNTY ON THE 19TH DAY OF MAY, 1959, AND FOR PERMISSION TO EXTEND ITS GAS FACILITIES UNDER SAID FRANCHISE AND TO CONSTRUCT MAINS, PIPES, CONDUCTORS, AND CONDUITS OVER CERTAIN ROADS AND HIGHWAYS IN CECIL COUNTY, MARYLAND.	*	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND CASE NO. 5734

OCT 25 1961

WHEREAS, Pennsylvania and Southern Gas Company, a Delaware corporation, The Elkton Gas Service Division, has applied to this Commission for an order authorizing the exercise by it of the franchise granted to it by the County Commissioners of Cecil County, Maryland, by an order passed on May 19, 1959, for the extension of its gas distribution system in the Fourth and Fifth Election Districts of Cecil County, as set forth in this proceeding; a certified copy of the said order of the County Commissioners of Cecil County, Maryland, having been filed in this proceeding; and

WHEREAS, the matter having come on to be heard after due notice published pursuant to the provisions of the Commission's Order No. 54746, entered September 21, 1961, and it being the opinion and finding of the Commission, after due hearing, that the exercise of the said franchise as aforesaid is consistent with the public convenience and necessity,

IT IS, THEREFORE, this 25th day of October, in the year Nineteen Hundred and Sixty-one, by the Public Service Commission of Maryland,

PUBLIC SERVICE COMMISSION
OF MARYLAND

ORDERED: That the exercise by Pennsylvania and Southern Gas Company, a Delaware corporation, The Elkton Gas Service Division, of the franchise granted to it by the County Commissioners of Cecil County, Maryland, by an order passed on May 19, 1959, for the extension of its gas distribution system in the Fourth and Fifth Election Districts of Cecil County, as set forth in this proceeding, be, and the same is hereby, authorized.

Commissioners

Exhibit F Page 146 of 148

AFFIDAVIT

I, Steven Cocchi, solemnly affirm that the following is true to the best of my knowledge, information, and belief:

1. I am a Director of Elkton Acquisition Corp. and I am authorized to make this affidavit on behalf of Elkton Acquisition Corp.

2. Upon receipt of all necessary approvals, it is the intention of Elkton Acquisition Corp. to exercise the franchise applied for in good faith.

Steven Cocchi

Sworn to and subscribed
before me this 8th day
of January ___, 2018.

CAROLYN A. JACOBS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 28, 2018

AFFIDAVIT

I, Stephen Clark, solemnly affirm that the following is true to the best of my knowledge, information, and belief:

1. I am a Director of Elkton Acquisition Corp. and I am authorized to make this affidavit on behalf of Elkton Acquisition Corp.
2. Upon receipt of all necessary approvals, it is the intention of Elkton Acquisition Corp. to exercise the franchise applied for in good faith.

Stephen Clark

Sworn to and subscribed
before me this 8th day
of January ___, 2018.

CAROLYN A. JACOBS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 28, 2018

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

IN THE MATTER OF THE JOINT	**)**	
APPLICATION OF SOUTH JERSEY	**)**	
INDUSTRIES, INC., ELKTON	**)**	**CASE NO. _____**
ACQUISITION CORP. AND	**)**	
PIVOTAL UTILITIES HOLDINGS, INC.	**)**	
d/b/a ELKTON GAS FOR AUTHORITY TO	**)**	
SELL AND TRANSFER SUBSTANTIALLY	**)**	
ALL OF ELKTON GAS'S ASSETS	**)**	
INCLUDING NATURAL GAS	**)**	
FRANCHISES TO ELKTON	**)**	
ACQUISITION CORP; AND FOR ALL	**)**	
RELATED AUTHORIZATIONS AND	**)**	
APPROVALS	**)**	

DIRECT TESTIMONY OF

MICHAEL J. RENNA

PRESIDENT AND CHIEF EXECUTIVE OFFICER
SOUTH JERSEY INDUSTRIES, INC.

On behalf of the Applicants

January 16, 2018

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Michael J. Renna. My business address is 1 South Jersey Plaza, Folsom, New Jersey 08037.

Q. By whom are you employed and in what capacity?

A. I am the President and Chief Executive Officer ("CEO") of South Jersey Industries, Inc. ("SJI") and a member of SJI's Board of Directors. In that capacity, I am responsible for the overall executive leadership of SJI.

Q. Please describe your educational background.

A. I am a 1991 graduate of the University of Delaware, where I earned my undergraduate degree in finance. I also obtained a Master of Business Administration degree from Cornell University.

Q. Please describe your professional experience and affiliations.

A. I joined SJI in 1998 as Manager, Product & Services Department and advanced through a number of managerial and professional positions. These positions included Director, Business and Market Development (from 1998-2001) and Vice President, South Jersey Energy Company (from 2001-2004). Before taking on my leadership role at SJI (from 2006-2013), I held the titles of President of South Jersey Energy Solutions and South Jersey Energy, the Northeast region's largest energy marketer. In November 2012, I was appointed to the South Jersey Energy Solutions executive committee and, in 2014, the SJI Board of Directors.

In addition, I hold several positions outside of SJI. I currently serve on the Boards of Directors of the New Jersey Chamber of Commerce, the United Way of Greater Philadelphia and Southern New Jersey, and Choose Jersey. I sit on the Boards of

Trustees for The Hun School of Princeton and Monmouth University. I am a member of the Steering Committee for the William J. Hughes Center for Public Policy at Stockton University and participate in the University of Delaware's Student Mentoring Program.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to aid the Maryland Public Service Commission ("Commission") in its consideration of SJI's proposed acquisition of Elkton Gas ("Elkton Gas"), an operating division of Pivotal Utility Holdings, Inc. (hereafter, the "Acquisition") by: (i) explaining SJI's basis for the Acquisition; (ii) providing an overview of SJI and its subsidiaries; (iii) describing the structure of the Acquisition; and (iv) identifying the commitments that SJI is making in this proceeding, along with describing the positive benefits that will inure to Elkton Gas's customers and to Maryland as a result of the Acquisition. Witnesses David Robbins, Jr., Senior Vice President of SJI and President of South Jersey Gas Company ("South Jersey Gas") and Brian MacLean, President of Elkton Gas, explain in their Direct Testimony why the Acquisition will not have any adverse impacts on customer rates, the provision of safe, adequate and reliable service, or the employees of Elkton Gas.

II. STRATEGIC BASIS FOR THE ACQUISITION

Q. Can you explain SJI's strategic basis for the Acquisition?

A. SJI is extremely excited about the Acquisition, including the opportunity to learn from and grow with Elkton Gas in the years to come. For SJI, the Acquisition presented an opportunity for us to sharpen our focus on regulated investments. We believe that enlarging our ownership and operation of local gas distribution companies will enhance our financial strength and help ensure continued access to capital at favorable rates.

Q. Please explain.

A. Elkton Gas, which is currently owned by the second largest public utility holding company in the United States, will now be owned by a smaller and Mid-Atlantic based natural gas company, holding two New Jersey public utilities and a Maryland public utility. After the closing of the Acquisition (the "Closing"), SJI will focus its attention on ensuring that Elkton Gas continues to provide safe, reliable and affordable utility service. The customers of Elkton Gas, and the State as a whole, will realize several meaningful benefits including the continued enhancement of SJI's and Elkton Gas's strong local ties and relationships, the opportunity for increased safety and reliability, and a sharing of information by our operating utilities.

Subject to the approval of the New Jersey Board of Public Utilities, SJI is also acquiring substantially all of the assets of Elizabethtown Gas from Pivotal Utility Holdings, Inc. ("Pivotal"). Elizabethtown Gas is engaged in the distribution and sale of natural gas to approximately 288,000 residential, business, and industrial customers in seven counties in two areas of New Jersey. As a result, the Acquisition will allow Elkton Gas and SJI's New Jersey utilities -- South Jersey Gas and Elizabethtown Gas – to share employees and resources during times of emergency, enhancing safety and reliability. It will also permit Elkton Gas to learn from these affiliated utilities by sharing their complementary knowledge, experience, information, and best practices regarding natural gas public utility service. This cross-fertilization will be beneficial to each utility and their respective customers. We are thrilled to be able to bring these opportunities to Maryland and we are eager to move forward to realize our goals.

Q. Is SJI proposing any commitments in connection with the Acquisition to ensure that it will be beneficial and not result in adverse impacts?

A. Yes. To ensure that the Acquisition will yield positive benefits, cause no harm to consumers, and further, is consistent with the public interest, convenience and necessity, we are proposing a comprehensive suite of commitments that are listed in full on Exhibit A to the Application. These commitments are discussed later in my testimony.

Q. Why is Elkton Gas an attractive acquisition candidate for SJI?

A. Elkton Gas is an attractive acquisition candidate because its priorities and business cultures are very similar to our own. As Mr. MacLean notes, Elkton Gas's business model is based upon three core values: the provision of safe and reliable service at just and reasonable rates, a strong commitment to excellent customer service, and robust investment in utility infrastructure. SJI's core values are essentially the same as Elkton Gas's, with safe, reliable service at just and reasonable rates at the forefront of our commitment to employees and customers alike. Moreover, SJI has particularly strong infrastructure experience. Since 2009, we have made significant investments in South Jersey Gas' infrastructure, including over $400 million to replace approximately 750 miles of main in South Jersey Gas's service territory. We are proud of our ability to deliver infrastructure projects in a timely manner and at reasonable costs. In addition, like Elkton Gas, SJI is dedicated to supporting and giving back in the communities we serve. I provide more background information about SJI, its affiliates and corporate culture later in my testimony.

I was pleased to read in the testimony of Brian MacLean, President of Elkton Gas, that he views SJI as a well-known and experienced energy holding company with a

culture similar to the one under which Elkton Gas operates today. He correctly states that SJI is fully capable of continuing Elkton Gas's commitments to provide safe and reliable service, delivering excellent customer service, and continuing to invest in Elkton Gas's utility infrastructure.

Q. Mr. Renna, how do you feel about working with Elkton Gas's work force?

A. We are particularly excited to work with the Elkton Gas employees, who will stay with Elkton Gas after the Closing. Among these employees are Brian MacLean, President of Elkton Gas and Mary Patricia Keefe, Vice President, External Affairs and Business Support of Elkton Gas. Mr. MacLean and Ms. Keefe are both well-respected in the utility and regulatory communities. We are eager to commence work with Elkton Gas's workforce and view each employee as a positive addition to the SJI family.

III. OVERVIEW OF SJI AND ITS AFFILIATES

Q. Please provide an overview of SJI.

A. SJI is a New Jersey-based energy services holding company. SJI delivers energy solutions to its customers through three primary subsidiaries. The first, South Jersey Gas, is a regulated utility of the State of New Jersey, which delivers safe, reliable, affordable natural gas and promotes energy efficiency to approximately 382,000 customers in all or portions of the seven southernmost counties of New Jersey. South Jersey Gas plays a significant role in maintaining employment, facilitating job creation, and supporting the economy of New Jersey, particularly the South Jersey region. SJI is well aware of its important role in New Jersey's energy policy and initiatives, and is committed to supporting similar initiatives in Maryland. This is demonstrated by the numerous honors conferred upon SJI including, to name a few, Public Utilities Fortnightly's "Top 40

Companies"; Safety Achievement Award by the American Gas Association; Gender Diversity Award by the Executive Women of New Jersey; Community Champion Award by the United Way of Greater Philadelphia and Southern New Jersey; Urban Investment Award by the Southern New Jersey Development Council; and the New Jersey Leading Infrastructure Project Award by the New Jersey Alliance for Action. These are just a few of our many achievements that we are proud to be a part of.

SJI's non-utility businesses promote savings, efficiency, clean technology, and renewable energy by providing customized wholesale commodity marketing and fuel management services, acquiring and marketing natural gas and electricity for retail customers, and developing, owning and operating on-site energy production facilities.

Our largest non-regulated business, South Jersey Resources Group ("SJRG"), is one of the longest-operating wholesale marketing companies in the mid-Atlantic region and is a recognized leader in the energy industry. Since SJRG commenced operations, it has consistently provided to its customers the innovative, natural gas solutions they require. SJRG provides the following services to its customer base throughout the country: natural gas commodity services; natural gas storage; wholesale marketing; and natural gas transportation.

SJRG customers include Fortune 500 companies, energy marketers, natural gas utilities, electric utilities, and natural gas producers. SJRG holds natural gas assets under its name and has extensive experience in managing natural gas assets. Another SJI subsidiary, SJI Midstream, invests in interstate pipeline projects.

Q. Please describe SJI's experience running natural gas utility companies.

A. SJI traces its roots back to 1910 when Atlantic City Gas and Water Company merged with Atlantic City Gas Company. This was the first in a series of acquisitions that eventually created South Jersey Gas in 1948, a regulated utility serving all or parts of the seven southern counties in New Jersey.

During the 1950s, South Jersey Gas continued to acquire smaller gas companies in Cumberland and Salem counties and in 1983, South Jersey Gas purchased its Cape May county division from New Jersey Natural Gas Company. In 1969, the South Jersey Gas board of directors and management decided to engage in other business lines that South Jersey Gas could not participate in as a regulated utility. Thus, SJI was incorporated as a holding company, and in 1970, South Jersey Gas became its primary subsidiary.

South Jersey Gas is the core of our business, employing 526 of SJI's 753 total employees and accounting for approximately 80% of SJI's total capital expenditures in 2017. All of our existing employees play a key role in assuring the success of our continuing operations.

Q. Please explain SJI's philosophies regarding utility operations.

A. SJI recognizes that as a natural gas utility it has a unique responsibility to its customers, its employees, the community and the public. A culture driven by safety, reliability, customer service, and giving back to the community is woven throughout our organization. As I noted earlier, we have made substantial investments in improving the safety of our employees and our customers, including investments in modernizing and improving the reliability and resiliency of our natural gas distribution system. This

investment has resulted in significant leak reductions and created a system where we experience little to no service interruptions during severe weather events. With these investments, we are upholding our obligation to provide safe and reliable service to our customers while simultaneously improving the overall welfare of the communities we serve.

We are also making significant investments in improving our customers' experience through training, technology, and process improvements. An outstanding customer experience is the responsibility of every employee, and it is my belief that it is incumbent upon every employee, contractor and vendor to ensure that our customers are treated fairly and respectfully.

Following the proposed Acquisition, we expect Elkton Gas's customers to receive the same level of exceptional customer service they currently receive and depend on today. Likewise, building stronger communities through social investments will remain a priority in all areas we serve. SJI's charitable giving has exceeded $500,000 annually for the last three years and we expect to exceed these contributions in the years to come. Furthermore, SJI is making a commitment to maintain Elkton Gas's community support contributions as described below.

IV. STRUCTURE OF THE ACQUISITION

Q. Please describe the structure of the proposed Acquisition.

A. On October 15, 2017, SJI and Pivotal entered into an Asset Purchase Agreement ("APA") by which SJI, or its assignee, agreed to purchase substantially all of the assets of Elkton Gas. SJI has assigned its rights and obligations to Elkton Acquisition Corp., which was formed for the purpose of purchasing Elkton Gas's assets. Following Closing,

the name "Elkton Acquisition Corp." will be changed to "Elkton Gas Company".[1] It is important to us that the Elkton name and brand continue on so that its customers and other stakeholders continue to recognize the name and services that they have trusted for so many years.

Q. Has the Acquisition been approved by SJI?

A. Yes. The board of directors of SJI approved the Acquisition on October 15, 2017.

V. COMMITMENTS MADE BY SJI AND BENEFITS OF THE ACQUISITION

Q. Please discuss the commitments SJI proposes to make in connection with the Acquisition.

A. As I noted earlier, SJI proposes to make several significant commitments in connection with the Acquisition. I address a number of them below, and Exhibit A contains a full list of the commitments that SJI is making in relation to the Acquisition. These commitments will not only ensure against adverse impacts, but will also yield positive benefits to customers and the State of Maryland.

Q. Does SJI propose to make any rate-related commitments in connection with the Acquisition?

A. Yes. A one-time approximately $115,000.00 rate credit will be provided to all Elkton Gas customers in connection with the post-Closing assignment of the Elkton Gas and Sequent Energy Management L.P. asset management agreement (the "SEM AMA") within 90 days of Closing. This amounts to approximately a $17.00 credit per Elkton Gas customer. This commitment provides a direct, immediate and tangible benefit that would not exist but for the proposed Acquisition. Further, SJRG will assume and extend

[1] Since the post-Closing entity, Elkton Gas Company, will operate under a name similar to the name under which Pivotal does business today (i.e., Elkton Gas), I refer to the post-Closing entity as Elkton Gas in my testimony.

the current asset management agreement between Elkton Gas and Sequent Energy Management L.P. ("Sequent") until March 2019. Then SJRG and Elkton Gas will enter into a new asset management agreement (the "Replacement Agreement") for a five-year term commencing April 1, 2019 through March 31, 2024. As a result of the assignment of the SEM AMA and the Replacement Agreement, Elkton Gas customers will be guaranteed a minimum of $10,800 in credits annually over that period, inclusive of the approximately $17.00 rate credit to be provided to Elkton Gas customers within 90 days of Closing. Messrs. Robbins and MacLean provide further information about these commitments in their Direct Testimony. In addition, as discussed by Mr. Robbins, SJI is making certain ratemaking commitments that will help ensure that there will be no adverse impacts to rates as a result of the Acquisition. These include commitments that:

- Elkton Gas will not issue any debt or equity in connection with the Acquisition;
- Elkton Gas's existing ratemaking capital structure ratios of debt and equity will not change in connection with the Acquisition (in fact, Elkton Gas will continue to maintain a rolling 12-month average annual equity ratio of at least 48 percent);
- Elkton Gas will not seek to recover in rates any premium paid for assets acquired by the Acquisition or good will arising from the Acquisition, in the form of an acquisition adjustment or otherwise;
- Elkton will not seek to recover any transaction costs (as defined in Exhibit A) in connection with the Acquisition;
- To the extent any savings are realized by Elkton Gas as a result of the Acquisition, those savings, net of the costs to achieve, will be passed on to Elkton Gas's customers through the normal base rate case process; and

- Elkton Gas will file a base rate case on or before June 30, 2018.

Q. Is SJI making any employee and operational related commitments?

A. Yes, quite a number of them. Prior to Closing, SJI will make offers of employment to all then-current Elkton Gas employees on terms and at compensation and benefit levels comparable to their then-existing terms and compensation and benefit levels. In addition, for three years following the Closing, SJI (or an affiliate) will maintain the current size of the Maryland workforce supporting Elkton Gas's operations. SJI will also honor all obligations to Elkton Gas's employees and retirees with respect to pension benefits. SJI will also maintain Elkton Gas's local core management team following the Closing and maintain Elkton Gas's service center and Elkton, Maryland headquarters for a period of at least three years post- Closing. These commitments will help facilitate a seamless transition for customers and employees alike.

Additionally, to ensure the continued safe and reliable operation of Elkton Gas's distribution system, SJI commits to honor Elkton Gas's remediation plan related to any deficiencies found in the Aldyl-A and/or other piping materials within its natural gas pipeline distribution system. Furthermore, SJI will provide Elkton Gas with the resources necessary to invest in capital and infrastructure projects to help ensure that Elkton Gas may continue to provide safe, reliable and adequate utility service. Related thereto, the opportunity for Elkton Gas and SJI's New Jersey utilities, South Jersey Gas and Elizabethtown Gas, to share local employees during times of emergency and otherwise take advantage of each other's resources during critical times, thus creating opportunities for enhanced safety and reliability will also prove to be beneficial.

Q. Is SJI making any commitments involving community giving?

A. Yes. SJI believes in being a good corporate citizen by giving back to the communities it serves. SJI has provided millions of dollars in financial support to local nonprofit, business and civic organizations and, over the last three years, has provided over $500,000 per year in charitable, civic and educational contributions. As Mr. MacLean states in his testimony, Elkton Gas employees are involved with many different community and non-profit organizations and volunteer throughout the local community, freely donating time and talent to a number of causes. They also participate in chambers of commerce and economic development organizations. This is all consistent with the objectives and commitments of SJI, and we will continue to encourage civic involvement at Elkton Gas once the Acquisition is complete. Indeed, SJI is committed to maintaining Elkton Gas's current level of community support for a period of 10 years post-Closing. Elkton Gas will not seek to recover in rates the costs related to these community activities and support. Community support projects could include charitable, workforce development, and economic development efforts.

Q. Is SJI making any commitments involving supplier diversity?

A. Yes, with regard to supplier diversity, SJI commits to increase Elkton Gas's current Diverse Spend Ratio ("DSR"), as that term is defined in the May 29, 2009 Elkton Gas Supplier Diversity Memorandum of Understanding, from 19.97 percent for the year 2017 to 25 percent over time.

Q. Beyond the rate credit mentioned above, are there other benefits that will flow to Elkton Gas customers and Maryland as a result of the Acquisition?

A. Yes. As I noted earlier in my testimony, SJI's ownership and management of Elkton Gas will be very beneficial to Elkton Gas's customers and to the State. SJI is proud of the constructive relationships it has developed with its regulators over its many years of operation. The Acquisition presents an opportunity to solidify SJI's and Elkton Gas's strong local connections and relationships. SJI intends to continue these constructive and open connections and relationships as the owner of Elkton Gas.

As noted earlier, I also believe that the Acquisition presents opportunities for our utilities to learn from each other and share resources during critical times. These opportunities present benefits for our operating utilities and their customers.

Finally, and importantly, the proposed Acquisition provides SJI with the opportunity to expand its financial investments in the State. SJI commits to provide Elkton Gas with the resources necessary to invest in capital and infrastructure projects to help ensure that Elkton Gas can continue to provide safe and reliable utility service.

Q. Has SJI taken steps to ensure that there will not be any missteps during the transition period from Pivotal to SJI?

A. Yes. Continuity of business operations, particularly with regard to customer service, is the highest priority for both SJI and Elkton Gas. Southern and SJI are working diligently on transition plans to aid in a seamless transition from day one of operations, through a limited transition period, and beyond. We plan to put a transition services agreement in place, whereby during the transition period following Closing, Pivotal (or an affiliate) will provide certain services to Elkton Gas. As reflected in this filing, we are also

proposing to put in place certain other agreements post-Closing including a Master Services Agreement and a Shared Service Agreement, both of which will provide for services to Elkton Gas. These services and agreements are described in greater detail in Mr. MacLean's and Mr. Robbins' Direct Testimony.

Q. Mr. MacLean asserts that Elkton Gas and SJI are very compatible companies. Would you agree?

A. Yes, as Mr. MacLean notes, SJI has demonstrated its ability to manage and support a gas distribution operation in New Jersey. South Jersey Gas has a solid reputation, a strong operating record, and has core values and a corporate culture that are similar to Elkton Gas's corporate culture. He correctly notes that SJI is focused on the business of operating and owning local distribution companies for the long term. Mr. MacLean states that SJI's dedication, combined with SJI's utility experience, make SJI an ideal fit. We at SJI completely agree with this.

Q. What else can you add in support of this filing?

A. Overall, SJI is extremely excited to move forward with the Acquisition and all the opportunities and positive benefits that will flow from the Acquisition to Elkton Gas's customers, the State of Maryland, and SJI. We look forward to learning from Elkton Gas and sharing our experiences and expertise to the benefit of both companies.

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

IN THE MATTER OF THE	**)**	
APPLICATION OF SOUTH JERSEY	**)**	
INDUSTRIES, INC., ELKTON	**)**	
ACQUISITION CORP. AND PIVOTAL	**)**	
UTILITY HOLDINGS, INC. d/b/a	**)**	**Case No. _____**
ELKTON GAS FOR AUTHORITY TO SELL	**)**	
AND TRANSFER SUBSTANTIALLY ALL OF	**)**	
ELKTON GAS'S ASSETS INCLUDING	**)**	
NATURAL GAS FRANCHISES TO ELKTON	**)**	
ACQUISITION CORP.; AND FOR ALL	**)**	
RELATED AUTHORIZATIONS AND	**)**	
APPROVALS	)	

DIRECT TESTIMONY OF

BRIAN MACLEAN

PRESIDENT
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELKTON GAS

On behalf of the Applicants

January 16, 2018

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Brian MacLean. My business address is 520 Green Lane, Union, New Jersey 07083.

Q. By whom are you employed and in what capacity?

A. I am employed by Pivotal Utility Holdings, Inc. d/b/a Elkton Gas ("Elkton Gas" or "Company") as President. Elkton Gas is an operating division of Pivotal Utility Holdings, Inc. ("Pivotal").

Q. What are your duties in your position as President of Elkton Gas?

A. As President of Elkton Gas, I am responsible for the day-to-day operations of Elkton Gas including ensuring safety, compliance, operational excellence, and financial integrity. In this capacity, I oversee all aspects of Elkton Gas's operations.

Q. Please summarize your educational background and experience.

A. I have been employed by Southern Company Gas ("SCG") (formerly AGL Resources Inc. ("AGL Resources")), Elkton's parent company, now a wholly-owned subsidiary of The Southern Company ("Southern Company"), for more than 19 years. The merger of Southern Company and AGL Resources was completed in July 2016 after approval of the transaction by the Public Service Commission of Maryland ("Commission") in May, 2016 in Case No. 9404, Order No. 87529 ("Southern/AGL Merger Order").

Prior to assuming my current position, I served as the Vice President of Operations for Elkton Gas and also for another operating division of Pivotal, Elizabethtown Gas ("Elizabethtown"), located in New Jersey. In that role, I was responsible for all aspects of local operations, including managing distribution, field

service and meter reading functions. Prior to that, I served as Region Manager for Elkton Gas and Elizabethtown. With a focus on safety, compliance and operational quality, I was responsible for all aspects of local operations, including distribution. Prior to that, I served as managing Director, Business Process Improvement and Business Systems Support, for SCG. In this capacity, I was responsible for identifying and implementing process improvement initiatives designed to decrease operating expenses while improving safety and customer service. Earlier I served as Managing Director, Operations Management for SCG. In that role, my responsibilities included providing support for SCG's utilities in six states in areas such as preventative and corrective maintenance programs for transmission and distribution systems, and the development of safety, risk management and total quality programs. I began my career with SCG by working in various roles at Virginia Natural Gas, including Region Manager, Southern Operations.

I earned my undergraduate degree from the University of Prince Edward Island. I also completed an Electrical Engineering Technology Co-Op program at NASA Langley Research Center. I also hold multiple professional certifications in corrosion control, process control and instrumentation and information technology from NACE International, the Instrument Society of America and Microsoft.

II. PURPOSE OF TESTIMONY AND SUMMARY OF CONCLUSIONS

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to discuss the benefits and impacts arising from the proposed acquisition (the "Acquisition") by South Jersey Industries, Inc. ("SJI") of Elkton Gas as described in this filing. Specifically, I will: (1) provide background

information concerning the Acquisition and Elkton Gas's operations, (2) discuss the positive benefits that will flow to Elkton Gas's customers and the State of Maryland as a result the Acquisition, and (3) explain why the Acquisition will have no adverse impacts on rates, the provision of safe, adequate and proper utility service, the employees of Elkton Gas, and is otherwise in the public interest. I also support Elkton Gas's request for Commission approval of the transfer of its franchises to a successor entity in the SJI family that will be named Elkton Gas Company, and the request of that entity to exercise the franchises formerly held by Elkton Gas. Finally, I support the Company's request to discontinue the exercise of its franchises in Maryland, and to be relieved of all obligations imposed under the Company's existing tariff and prior Commission orders.

Q. Please summarize the conclusions of your Direct Testimony.

A. I believe that SJI, a well-known and experienced New Jersey energy holding company that has provided reliable utility service in the State of New Jersey for more than 100 years, is completely capable of continuing Elkton Gas's commitments to providing safe and reliable service, delivering excellent customer service and continuing to invest in the Company's utility infrastructure. I further believe that the proposed Acquisition, which will result in Elkton Gas being owned by a New Jersey-based holding company, will yield positive benefits for Elkton Gas's customers and the State of Maryland, and that these benefits will be realized without any adverse impacts on rates, the provision of safe, adequate and proper utility service, or employees. For all the reasons described in my Direct Testimony, as well as those set forth in the Direct Testimony of Applicants' witnesses Michael J. Renna, David Robbins, Jr., and Ann T. Anthony, I conclude that the Acquisition is consistent with the public interest and should be approved. In addition,

Elkton Gas's requests to discontinue exercising and transfer its franchises are in the public interest and should be approved by the Commission.

III. BACKGROUND

Q. Please describe Elkton Gas's service territory and operations.

A. The Company's service territory spans approximately 64 square miles in the Northeast corner of the State, all within portions of Cecil County, Maryland. We provide service to approximately 6,700 customers in and around the Town of Elkton, Maryland. Elkton Gas currently operates approximately 102 miles of service main to deliver safe and reliable service to its customers. Eight employees located in Maryland serve Elkton Gas's customers.

Elkton Gas is a local gas distribution company whose main function is to provide to its customers natural gas utility services regulated by the Commission. Under its Commission-approved tariff, the Company provides bundled sales service (*i.e.*, service that involves both the transportation of gas to the end user and the sale of the gas itself) and transportation service (*i.e.*, service that principally involves the transport and delivery of gas provided by others) to customers. Approximately 23% of the Company's volume is sold and transported to residential customers, and 77% is sold and transported to commercial and industrial customers. In 2016, the Company delivered approximately 1.2 Bcf of natural gas through its distribution system.

Elkton Gas's natural gas distribution and transmission assets support all of its service offerings. Those assets allow Elkton Gas to take delivery of gas from interstate pipelines, move gas (owned by it and by customers) to its customers, control the flows of

that gas, and finally, reduce and monitor the pressure of that gas so that it may flow on local distribution gas mains, pipes, and services to Elkton Gas's end users.

Q. Please describe Elkton Gas's organizational structure, its operations and the workforce that supports these operations.

A. Elkton Gas is a division of Pivotal, which is an indirect, wholly-owned subsidiary of SCG. In addition to Elkton Gas, Pivotal has operating divisions in New Jersey (Elizabethtown Gas) and Florida. AGL Resources acquired Elkton Gas in 2004 as part of its acquisition of NUI Corporation, and in July 2016, Southern Company acquired SCG and its indirect subsidiary, Elkton Gas, as part of the merger of AGL Resources and Southern Company.

Elkton Gas's day-to-day operations are independently run with oversight from SCG. For example, Elkton Gas makes local operational decisions, including preparing its own capital and operations and maintenance expense budgets. SCG's role in managing Elkton Gas is to offer assistance, whether accounting, operational, or otherwise, to ensure that Elkton Gas continues to provide safe, adequate, and reliable service at just and reasonable rates.

The Company maintains separate headquarters from SCG and operates a local service center facility in its service area in Maryland. As of January 1, 2018, the Elkton Gas workforce is comprised of eight employees located in Maryland.

Q. Does Elkton Gas currently receive shared services from SCG?

A. Yes. SCG provides administrative assistance to the Company through AGL Services Company, Inc. ("AGSC"). AGSC provides Elkton Gas with a number of services including accounting, finance, tax, legal, information technology, engineering,

purchasing, pipeline capacity and gas supply management, and human resources-related services. Elkton Gas entered into a service agreement with AGSC when the Commission approved AGL Resources' acquisition of NUI Corporation back in 2004.

Q. How are gas supply and upstream pipeline capacity management services provided to Elkton Gas?

A. Gas supply and upstream pipeline capacity management services are provided to Elkton Gas by another subsidiary of SCG, Sequent Energy Management L.P. ("Sequent"), pursuant to an Asset Management Agreement ("SEM AMA"). Under the SEM AMA, Sequent provides Elkton Gas with firm gas supply at published market prices up to the amount of the pipeline capacity that Sequent manages under the SEM AMA. Sequent also seeks to maximize the value of Elkton Gas's portfolio of upstream pipeline transportation and storage contracts through gas purchase optimization and capacity management transactions. Sequent pays Elkton Gas a fixed annual fee for the opportunity to manage the Company's portfolio of assets that is shared with the Company's customers through credits applied to the Company's purchased gas adjustment (PGA) rate.

Q. Please briefly describe Elkton Gas's operational focus.

A. The Company's business model is based on the core values of provision of safe and reliable service at just and reasonable rates, and a strong commitment to excellent customer service. Our commitment to these values has produced positive operational results, examples of which include:

- Our customer satisfaction surveys concerning service provided by telephone representatives and field personnel show consistently positive results;

- Our customer call service level for 2017 is 84 percent of calls answered within 30 seconds or less;

- Our 2017 emergency response times within 60 minutes reached 98.2 percent;

- With a strong focus on safety, our damage rates per 1,000 locates remain exceptionally low -- in 2017, there was only one third party damage incident (the excavation was performed without a valid locate ticket). In 2017, there were no employee on-the-job injuries and only one motor vehicle accident (our employee was hit from behind while stopped at a stop sign); and

- We have participated actively in the Maryland communities we serve, providing energy assistance to customers in need and becoming involved in local charitable and economic development activities.

Q. Does Elkton Gas play an active role in the Maryland communities it serves?

A. Yes. Beyond providing safe, reliable and excellent service to our customers, we also play an active role as a responsible corporate citizen in Maryland. Since 2004, the Company has contributed regularly to local community service organizations. Our employees are involved with various community organizations. For the last several years, we have also worked closely with local Chambers of Commerce and Cecil County economic development efforts to encourage businesses either to relocate to or expand in Elkton Gas's service territory. As explained further in the testimony of SJI's President and Chief Executive Officer Michael J. Renna, SJI is committed to maintaining the Company's current level of annual community support for a period of 10 years following the closing of the Acquisition ("Closing").

Q. Why do you believe that SJI is an ideal owner of Elkton Gas?

A. As the owner of South Jersey Gas Company ("SJG"), the SJI natural gas utility that provides local distribution gas service in the seven southernmost counties of New Jersey, SJI has demonstrated its ability to manage and support a gas distribution operation in Maryland. SJG has a solid reputation, a strong operating record, and has core values and

a corporate culture that are similar to our own. For SJI, the purchase of Elkton Gas represents a significant expansion of its ownership of utility assets and demonstrates that it is focused on the business of operating and owning local distribution gas service companies for the long term. This dedication combined with SJI's utility experience make SJI an ideal fit.

Q. Did the proposed Acquisition obtain all necessary corporate approvals?

A. Yes.

Q. Please explain the post-Closing Elkton Gas organization structure.

A. As explained in the testimony of Mr. Renna and Mr. Robbins, as a result of the Acquisition, Elkton Gas will become a wholly owned subsidiary of SJI Utilities, Inc. ("SJI Utilities"), which in turn will be a wholly owned subsidiary of SJI. As Mr. Renna further explains, after Closing, South Jersey Gas will also become a wholly-owned subsidiary of SJI Utilities. Under the new organizational structure, Elkton Gas will continue to operate as a discrete business within the SJI system similar to how it does today under SCG. Post-Closing, Elkton Gas will operate under the name "Elkton Gas Company."

Q. Do you anticipate any interruption or adverse change in operations or the provision of service as a result of the proposed Acquisition?

A. No. The proposed Acquisition is structured to change the ultimate ownership of Elkton Gas, but not the manner in which we provide service to our customers and generally operate the business. Elkton Gas's day-to-day operations will remain unchanged and the transition should be seamless for our customers. Indeed, the Company's customers will continue to receive service from Elkton Gas in the same manner and pursuant to the same

Commission-approved rates, terms and conditions upon which they now receive service. The Company will do business in Maryland under the name "Elkton Gas Company" and will maintain its existing headquarters and service center in Maryland for a period of at least three (3) years following the Closing. In addition, prior to Closing, offers of employment will be made to Elkton Gas's then-existing employees, and post-Closing, the new Elkton Gas entity will employ the same core management team that exists today. Notably, after Closing, I will continue in my role as President of Elkton Gas, and Mary Patricia Keefe, who has been with Elizabethtown Gas and Elkton Gas for over 35 years, will continue in the position of Vice President of External Affairs and Business Support. SJI has indicated that its management approach will be similar to the management approach currently utilized by Southern Company and SCG.

Q. Are there any arrangements in place to ensure that the Acquisition will be seamless to customers and that they will continue to receive safe and reliable utility service?

A. Yes. As set forth in the Asset Purchase Agreement ("APA") between SJI and Pivotal, after the Closing, where requested by SJI, Pivotal or an affiliate (such as AGSC) will provide Elkton Gas with certain transition services to ensure a smooth transition for Elkton Gas's employees and continued safe and reliable service for Elkton Gas's customers. The transition services will encompass services that will not be fully integrated at the time of Closing. These services, which represent services that are currently provided to Elkton Gas by AGSC, may be provided for up to one year after Closing in substantially the same manner and at the same level that these services are provided to the Company today. This continued support will help to further facilitate the seamless operation and maintenance of Elkton Gas in a manner consistent with how it

operates today. The transition services arrangement will be embodied in a transition services agreement that is being prepared by SJI and Pivotal.

Q. How will Elkton Gas receive shared services following the Acquisition?

A. We expect that some of the shared services the Company receives today from AGSC will be provided under the transition services arrangement I just described for up to twelve months post-Closing. For those services that are not provided under that arrangement, upon the Acquisition, Elkton Gas will receive services under a Management Services Agreement ("MSA") from SJI and a Shared Services Agreement ("SSA") from SJI Utilities, as further described in the Direct Testimony of Mr. Robbins. After the expiration of the twelve month post-Closing period, certain transition services may then be provided under the MSA or SSA.

Q. How will gas supply and capacity management services be provided to Elkton Gas following the Acquisition?

A. As reflected in the Application, it is proposed that South Jersey Resources Group ("SJRG"), a wholly owned subsidiary of SJI, provide these services post-Closing pursuant to an asset management agreement ("SJRG AMA") with substantially the same terms and conditions as the existing SEM AMA. Witness Robbins explains the details of this proposal, the associated savings to customers in the form of rate credits, and how it will support a seamless transition of gas supply and asset management services post-Closing. As discussed by Mr. Robbins, in addition to the savings that will flow to Elkton Gas customers by virtue of the SJRG AMA, SJRG is proposing to make a payment to the Company resulting in a one-time rate credit of approximately $115,000 (amounting to approximately $17.00 per customer) within 90 days post-Closing. The customer savings

arising from both the SJRG AMA and the one-time rate credit represent quantifiable and incremental positive benefits to Elkton Gas customers that would not exist but for the proposed Acquisition.

Q. Will the Commission's oversight be diminished in any way as a result of the Acquisition?

A. No. The Company will continue to operate as a Maryland public service company and will remain fully subject to the Commission's jurisdiction and applicable Maryland laws and regulations.

IV. THE ACQUISITION WILL PROVIDE BENEFITS TO CUSTOMERS AND THE STATE OF MARYLAND

Q. How will Elkton Gas's customers benefit from the proposed Acquisition?

A. Customers will receive a tangible benefit in the form of the one-time rate credit noted above. Once again, absent the proposed Acquisition, this rate credit would not occur.

Q. Are there any other customer benefits associated with the Acquisition?

A. Yes. First, during April 1, 2019 through March 31, 2024, there will be savings in the form of rate credits that will flow to Elkton Gas customers by virtue of the SJRG AMA. Second, while Elkton Gas has thrived under SCG ownership, the proposed Acquisition presents an opportunity for Elkton Gas and its customers to leverage the regional experience of a legacy New Jersey gas operator. SJI, by virtue of its ownership of SJG, has significant experience with infrastructure replacement, energy efficiency programs and many other local distribution company programs and activities that the Company currently conducts or participates in today. The proposed Acquisition will allow Elkton Gas and its customers to benefit from opportunities for sharing of information, best practices and enhancements in these and other areas where SJI has particular expertise.

Third, as we begin to work on a combined basis, Elkton Gas customers will have the potential to benefit from enhanced safety and reliability, particularly during peak periods by providing Elkton Gas, Elizabethtown Gas and South Jersey Gas with the opportunity to share local employees during times of emergency and otherwise take advantage of each other's resources during critical times. These and other customer benefits are included in the list of commitments provided in Exhibit A and are further discussed by Mr. Renna and Mr. Robbins.

Q. What benefits will the proposed Acquisition provide to the State of Maryland?

A. Similar to Elkton Gas, as explained by witness Renna, SJI has a proven record of commitment to local communities, charitable organizations, economic development and supplier diversity. The proposed Acquisition will further sustain Elkton Gas's community support, charitable efforts, economic development and supplier diversity efforts. As noted above, SJI has committed to maintaining Elkton Gas's current charitable contribution levels for a period of 10 years post-Closing. SJI has also committed that for three (3) years following the Closing, SJI (or an affiliate) will maintain the current size of the workforce in Maryland to support the Company's operations. SJI will also maintain Elkton Gas's commitments in its 2009 Supplier Diversity Memorandum of Understanding with the Commission, and over time commits to increase the Company's current Diverse Spend Ratio of 19.97 percent in 2017 to 25 percent. Further benefits to the State are addressed by Messrs. Renna and Robbins.

V. THE ACQUISITION WILL NOT HAVE AN ADVERSE IMPACT ON RATES, THE PROVISION OF SAFE AND ADEQUATE UTILITY SERVICE AT JUST AND REASONABLE RATES, OR ELKTON GAS EMPLOYEES

A. Impact on Elkton Gas's Rates

Q. How will the Acquisition impact Elkton Gas's rates?

A. Elkton Gas will continue to provide service at its existing rates that were approved by the Commission in the Company's most recent base rate case, Case No. 9126. Elkton Gas is not seeking to change its currently effective rates as a result of the Acquisition, but as addressed by the Southern/AGL Merger order which required that Elkton Gas file a base rate case two years after the closing of the Southern/AGL Merger, SJI has committed to ensuring that the new Elkton Gas entity will file its next base rate case by June 30, 2018. In addition, the Company will not seek to recover in rates any premium paid for assets acquired by the Acquisition or goodwill arising from the Acquisition, in the form of an acquisition adjustment or otherwise. Moreover, Elkton Gas will not seek to recover any transaction costs in connection with the Acquisition. Transaction costs include consultant, investment banker, legal, severance, and regulatory support fees fully defined in Exhibit A of the Application. For all of these reasons, the proposed Acquisition will not have any adverse impact on the Company's rates, but rather, will have a positive impact because SJI is proposing a direct rate credit to Elkton Gas customers of approximately $115,000 ($17.00 per customer), which will be provided within 90 days of Closing in the manner described by Mr. Robbins. Rate impacts are further addressed by Mr. Robbins.

Q. Will the Acquisition result in any savings that will be reflected in Elkton Gas's future rates?

A. To date, the Applicants have not identified any immediate synergies or efficiencies that will arise from the proposed Acquisition. The process of integrating Elkton Gas with SJI has just begun and it is possible that synergies or efficiencies will be identified during this process. To the extent any savings are realized by Elkton Gas as a result of the Acquisition, those savings, net of the costs to achieve, will be passed on to Elkton Gas's

customers through the normal base rate case process. However, based on the manner in which Elkton Gas will be operated post-Closing, the savings are not expected to be significant.

B. Impact on Utility Service

Q. Please discuss the impact of the Acquisition on overall customer service and the safety and reliability of Elkton Gas's system.

A. There will be no adverse impact on Elkton Gas's overall customer service or the safety and reliability of the Company's distribution system as a result of the Acquisition. As discussed earlier, the change in control will be seamless for Elkton Gas customers because SJI will continue to operate the Company in the same manner that SCG does today. Following the Closing, Elkton Gas's day-to-day operations and core management team will remain unchanged and the Company will continue to provide natural gas service pursuant to its existing Commission-approved tariff. Our headquarters and service center facilities in Elkton will be maintained for a period of at least three (3) years following the Closing. In addition, SJI is committing to honor and implement the Elkton Gas Pipeline Remediation Plan for replacement of certain Aldyl-A pipe in the Elkton Gas distribution system filed with the Commission on December 12, 2017. As President of Elkton Gas, my responsibilities include ensuring that Elkton Gas customers continue to receive safe and adequate service at just and reasonable rates. As explained earlier, after the Closing, I will continue in the role of President of Elkton Gas and perform the same responsibilities I hold today.

C. Impact on Employees

Q. Will the Acquisition have an adverse impact on Elkton Gas's employees?

A. No. As I previously described, SJI values the expertise of the local Elkton Gas employees and their experience successfully operating the Company in the various communities in which it serves; accordingly, employment levels within the Maryland workforce supporting all of Elkton Gas's operations will be maintained for at least three (3) years following the Closing. SJI will also assume existing obligations to Elkton Gas employees and retirees with respect to pension benefits. Finally, prior to Closing, SJI will make offers to all then-current Elkton Gas employees on terms and at compensation and benefit levels comparable to their then-existing terms and compensation and benefit levels.

VI. TRANSFER OF FRANCHISES

Q. Please describe why Elkton Gas is requesting Commission approval of the transfer of its franchises in Maryland.

A. Elkton Acquisition Corp. was established for the purpose of acquiring substantially all of the assets of Elkton Gas, including its franchises. Following Closing, the name of Elkton Acquisition Corp. will be changed to Elkton Gas Company. Accordingly, the new holder of the franchises will be Elkton Gas Company, a successor to Elkton Gas. As a result of the transfer of the franchises from Elkton Gas to Elkton Acquisition Corp., and eventually to Elkton Gas Company, the Applicants are seeking Commission approval of the transfer.

Q. What other approvals are sought from the Commission in connection with Elkton Gas's franchises?

A. Commission approval is sought for Elkton Gas to discontinue the exercise of its franchises, and for Elkton Gas Company, as transferee, to exercise those franchises. In

addition, the Applicants are seeking Commission approval to relieve Elkton Gas of all obligations imposed under its tariff and prior Commission Orders.

Q. Please describe the origin and nature of the franchises to be transferred.

A. There are a total of four franchises to be transferred. The most recent two were resolutions granted by the County Commissioners of Cecil County on February 11, 1958 and May 19, 1959 authorizing the provision of natural gas distribution service in the County's Third and Fourth/Fifth Election Districts, respectively. A third franchise was an ordinance enacted on February 21, 1929 by the President and Commissioners of the Town of Elkton authorizing the provision of natural gas distribution service within the Town. A fourth and final franchise was a resolution of the County Commissioners of Cecil County granted on October 2, 1928 authorizing the assignment by the Havre de Grace Gas Company of Harford County of certain rights for the construction of a gas transmission line in Cecil County between the Town of Elkton and the Maryland-Delaware State Line. Copies of all four franchises, together with Commission Orders approving the exercise of these franchises at the time of their initial issuance by the respective local government, are provided in Exhibit F.

Q. Is there any prohibition or other limitation on the transfer stated in these franchises?

A. No. In fact, all four franchises contain express language granting the franchises to the original grantee and to its successors and assigns.

VII. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

IN THE MATTER OF THE JOINT	**)**	
APPLICATION OF SOUTH JERSEY	**)**	
INDUSTRIES, INC., ELKTON	**)**	**CASE NO. _____**
ACQUISITION CORP. AND	**)**	
PIVOTAL UTILITIES HOLDINGS, INC.	**)**	
d/b/a ELKTON GAS FOR AUTHORITY TO	**)**	
SELL AND TRANSFER SUBSTANTIALLY	**)**	
ALL OF ELKTON GAS'S ASSETS	**)**	
INCLUDING NATURAL GAS	**)**	
FRANCHISES TO ELKTON	**)**	
ACQUISITION CORP; AND FOR ALL	**)**	
RELATED AUTHORIZATIONS AND	**)**	
APPROVALS	**)**	

DIRECT TESTIMONY OF

DAVID ROBBINS, JR.

SENIOR VICE PRESIDENT, SOUTH JERSEY INDUSTRIES, INC.
AND
PRESIDENT, SOUTH JERSEY GAS COMPANY

On behalf of the Applicants

January 16, 2018

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is David Robbins, Jr., and my business address is 1 South Jersey Plaza, Folsom, New Jersey 08037.

Q. By whom are you employed and in what capacity?

A. I am Senior Vice President of South Jersey Industries, Inc. ("SJI") and President of South Jersey Gas Company ("South Jersey Gas"). As such, I am responsible for leadership and oversight of SJI's gas utility functions within South Jersey Gas.

Q. Please summarize your educational background and industry-related experience.

A. I am a 1984 graduate of Old Dominion University, where I earned my undergraduate degree in accounting. I joined SJI in 1997 as a Staff Accountant and held various management and officer positions of increasing responsibility in SJI and its various subsidiaries, including, but not limited to, South Jersey Resources Group ("SJRG"), Marina Energy, South Jersey Energy ("SJE"), South Jersey Energy Services ("SJES") and South Jersey Energy Service Plus ("SJESP"). These positions included Supervisor, Financial Reporting (SJI) from 1998-2001, Manager, Financial Reporting (SJI) from 2001-2005, and various Treasurer and Secretary positions from 2002-2013. I was elected Senior Vice President and Chief Operating Officer for SJE, SJES and SJESP in 2013. Thereafter, in 2014, I became President of SJES. I was appointed as Senior Vice President, Strategy and Corporate Development of SJI in 2016. In that role, I had strategic leadership responsibility over the sales and marketing functions at South Jersey Gas. In January 2017, I was appointed to my current position as President of South Jersey Gas.

In addition, I hold several positions outside of the South Jersey Gas organization. I currently serve on the Boards of Directors for the American Gas Association ("AGA"), Northeast Gas Association and the New Jersey Utilities Association. I also currently serve as a member of the Executive Leadership Cabinet of the American Heart Association's Southern New Jersey Heart Walk, the Southern New Jersey Chamber of Commerce, the Inspira Health Network Board of Directors, and as a member of the Millville Savings and Loan Board of Directors. I formerly served as the Chair of Inspira Medical Centers, Inc. Board of Directors.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to support the Applicants' filing with the Maryland Public Service Commission ("Commission") in this proceeding requesting approval of the proposed acquisition of control of Elkton Gas ("Elkton Gas"), an operating division of Pivotal Utility Holdings, Inc. ("Pivotal"), and related transactions (the "Acquisition"). Specifically, I will identify how the post-Closing entity, which will be named "Elkton Gas Company,"[1] will operate following the closing of the proposed Acquisition (the "Closing"). I will further discuss how SJI's management philosophy will be applied to Elkton Gas and how we will incorporate and transition Elkton Gas into the SJI family of companies. In addition, I will explain the proposed asset management agreement ("AMA") and how the Acquisition will have no adverse impacts on Elkton Gas's rates, the provision of safe, adequate and proper utility service, and Elkton Gas's employees.

[1] Since the post-Closing Elkton Gas entity (Elkton Gas Company) will do business under a name similar to the one under which Pivotal does business today (Elkton Gas), for ease, I refer to the post-Closing entity as Elkton Gas in my testimony.

Q. Please summarize the conclusions of your testimony.

A. SJI and Elkton Gas are highly comparable Mid-Atlantic based companies that, through the Acquisition, will jointly create positive benefits for Elkton Gas's customers and the State. The two will share in the benefits derived from SJI's existing management philosophy and easily transition into one utility family. Particularly beneficial will be the ability of Elkton Gas and South Jersey Gas (due to their close proximity) to share employees and resources during critical times and for all of our operating utilities to learn from and grow with each other. Witness Michael J. Renna, and other witnesses, will discuss these and the many benefits associated with the proposed Acquisition. The Acquisition and associated benefits will have no adverse impact on customer rates, the employees of Elkton Gas, or the provision of safe and adequate service at just and reasonable rates.

III. INTEGRATION OF ELKTON GAS INTO SJI

Q. Please describe the post-Closing corporate structure.

A. As part of the Acquisition, SJI will form a new utility holding company subsidiary, SJI Utilities, Inc. ("SJI Utilities") that will be directly owned by SJI. It is intended that SJI Utilities will be the direct parent of the two newly added regulated utilities, Elkton Gas and Elizabethtown Gas Company ("Elizabethtown Gas"), as well as SJI's existing regulated utility, South Jersey Gas.

Q. What will be the chain of command within this organization?

A. As proposed, the Presidents of South Jersey Gas, Elkton Gas and Elizabethtown Gas will report to the President of SJI Utilities. At the same time, the utilities will be given a great deal of autonomy within the SJI structure and it will be business as usual at each utility post-Closing.

Q. Generally speaking, are you familiar with the operations of Elkton Gas today?

A. Yes, I am. Elkton Gas delivers safe and reliable natural gas service to approximately 6,700 residential and business customers in the greater Elkton area in Northeast Maryland through approximately 102 miles of service main. Approximately 28% of Elkton Gas's volume is sold to residential customers, and 72% is sold to commercial and industrial customers. The headquarters, offices and operations of Elkton Gas are located in the Town of Elkton, Maryland. The Maryland workforce supporting Elkton Gas's operations oversees all utility operations, which is further supported by various services provided by employees in the Southern Company Gas services company, AGL Services Company ("AGSC"). These services include, but are not limited to, accounting, finance, tax, legal, information technology, engineering, purchasing, pipeline capacity, gas supply management, and human resources-related services.

Q. How will services be provided to Elkton Gas post-Closing, to the extent that they are not provided by Elkton Gas employees today?

A. As explained by Mr. Renna, during the post-Closing transition period, it is anticipated that Elkton Gas will enter into a transition services agreement ("TSA") with Pivotal or a Pivotal affiliate, which will address those services that will not be fully integrated at the time of Closing. The TSA will ensure a smooth transition for Elkton Gas's customers, employees and other stakeholders. Ultimately, certain services will be provided by SJI to Elkton Gas pursuant to a Master Services Agreement, much as they are provided to South Jersey Gas today. These corporate services could include human resources, information technology, legal and others. It is also anticipated that SJI Utilities will enter into Shared Services Agreements ("SSAs") with South Jersey Gas, Elkton Gas and Elizabethtown

Gas, respectively, to provide additional services related to utility operations. The services that will be provided under the SSAs could include services related to safety, customer service, rates and regulatory and gas supply.

Q. Is SJI capable of managing the operations of Elkton Gas post-Closing?

A. Absolutely. SJI brings to Elkton Gas a team of highly qualified and experienced leaders, managers, and employees with numerous years of experience running a natural gas utility effectively and efficiently, and in such a way as to provide safe, reliable, and affordable natural gas delivery service. Given this history and perspective, SJI understands the critical importance of Elkton Gas's public service company obligations, and SJI is positioned to make certain that these obligations are met.

Q. Please describe SJI's philosophy of utility operations.

A. SJI is committed to safely providing its customers with superior, reliable service while contributing to the social and environmental needs in the communities it serves. By way of example, South Jersey Gas participates in the AGA Best Practices Benchmarking Program, which provides a means for individual natural gas utilities to survey other members on specific operational issues and evaluate themselves internally. South Jersey Gas also participates in the AGA Peer Review Program, which is a voluntary peer-to-peer safety and operational practices review program that allows local natural gas utilities throughout the nation to observe their peers, share best practices and identify opportunities to better serve customers and communities. As part of the Peer Review Program, subject matter experts from peer companies evaluate other participating companies with the objective of gaining an understanding of the company's practices, procedures and standards in an effort to identify strengths and leading initiatives, as well

as to identify areas that could be improved where appropriate. Through SJI Utilities, it is intended that this management approach will be applied equally to Elkton Gas for the benefit of its customers.

Q. How will SJI's management approach compare to the current approach for Elkton Gas?

A. It will be virtually the same. As noted by Brian MacLean, President of Elkton Gas, in his Direct Testimony filed in this proceeding, Elkton Gas's current day-to-day operations are independently run with oversight from Southern Company. For example, Elkton Gas makes local operational decisions, including preparing its own capital and operations and maintenance expense budgets. Mr. MacLean notes that Southern Company's role in managing Elkton Gas is to offer assistance, whether accounting, operational or otherwise, and to ensure that Elkton Gas continues to provide safe, adequate and proper service. Once again, SJI's management style is essentially the same and we intend for it to remain the same post-Closing. It is notable that SJI has committed to maintain local core management teams following the Closing. This will ensure a continuity of the management style that exists today at Elkton Gas post-Closing. With this being said, we anticipate a seamless transition for both the customers and employees of Elkton Gas.

IV. THE ACQUISITION WILL HAVE NO IMPACT ON THE RATES AND CHARGES OR SERVICES AND CONDITIONS OF OPERATIONS OF ELKTON GAS

A. Impact on Operations

Q. Will the Acquisition have any adverse impact on the conditions of operation of Elkton Gas in Maryland?

A. The Acquisition will present no adverse impact on reliability or the operating conditions of Elkton Gas. The majority of the assets that SJI will hold post-Closing are in the form

of natural gas utilities that provide gas service in different service territories and are subject to regulation by this Commission, the New Jersey Board of Public Utilities ("BPU") and/or the federal government. All utility operating divisions of SJI will continue to operate as they do today and provide service pursuant to existing tariff rates. Elkton Gas is a well-run public utility, and as such, SJI does not intend to materially change Elkton Gas's current operating procedures.

B. Impact on Rates

Q. Will the Acquisition have any adverse impact on Elkton Gas's current rates or charges?

A. No. The Acquisition will not adversely affect rates or charges. In fact, a one-time approximately $115,000.00 rate credit will be provided to all Elkton Gas customers in connection with the post-Closing assignment of the Elkton Gas and Sequent Energy Management L.P. asset management agreement (the "SEM AMA") within 90 days of Closing. This amounts to approximately a $17.00 credit per Elkton Gas customer.

Importantly, Elkton Gas will continue to operate in its current form, with its Commission-approved tariff rates in effect at the time of Closing. In addition, Elkton Gas will not seek to recover in rates any premium paid for assets acquired through the Acquisition or good will arising from the Acquisition, in the form of an acquisition adjustment or otherwise. Moreover, Elkton Gas will not seek to recover any transaction costs, as defined in Exhibit A, in connection with the Acquisition.

Finally, SJI will maintain Elkton Gas's existing ratemaking capital structure ratios of debt and equity. Elkton Gas will maintain a rolling 12-month average annual equity ratio of at least 48 percent. Elkton will not issue any debt or equity in connection with the Acquisition. Elkton Gas will file a base rate case on or before June 30, 2018.

Q. Have the Applicants identified any synergies or efficiencies that will result from the Acquisition?

A. To date, the Applicants have not identified any immediate synergies or efficiencies that will arise from the proposed Acquisition. To the extent any savings are realized by Elkton Gas as a result of the Acquisition, those savings, net of the costs to achieve, will be passed on to Elkton Gas's customers through the normal base rate case process.

Q. How does SJI propose to manage Elkton Gas's gas supply requirements and what impact, if any, will this have on rates?

A. SJI is proposing to manage gas supply the same way that Elkton Gas manages gas supply today, which we believe will have a positive impact on rates. Specifically, pursuant to an agreement between Elkton Gas and Sequent Energy Management LP ("Sequent") (the "SEM AMA"), Sequent provides gas supply and capacity management services to Elkton Gas. The SEM AMA is scheduled to last until at least March 31, 2019. After the Acquisition, on the first day of the month following Closing, SEM will assign its interest in the SEM AMA to SJRG. Then, following the March 31, 2019 conclusion of the SEM AMA, SJRG and Elkton Gas will enter into a new asset management agreement (the "Replacement Agreement") for a five-year term commencing April 1, 2019 through March 31, 2024. As a result of the assignment of the SEM AMA and the Replacement Agreement, Elkton Gas customers will be guaranteed a minimum of $10,800 in credits annually over that period, in addition to the approximately $17.00 rate credit to be provided to Elkton Gas customers within 90 days of Closing.[2]

Q. Please provide an overview of SJRG.

[2] The term of SEM AMA is subject to an evergreen provision pursuant to which the agreement rolls over for a one-year term, commencing April 1, unless notice to terminate is provided by either party.

A. SJRG is one of the longest-operating wholesale marketing companies in the region and a recognized leader in the energy industry. SJRG provides wholesale natural gas services including trading, sales, storage management, peaking services, transportation capacity and natural gas portfolio management to wholesale natural gas customers throughout the mid-Atlantic, Appalachia and southern areas of the United States. These customers include Fortune 500 companies, energy marketers, natural gas and electric utilities, and natural gas producers.

C. Impact on Employees

Q. How, if at all, will the proposed Acquisition impact Elkton Gas's employees?

A. The proposed Acquisition will have no negative impact on Elkton's employees and Maryland employment. As noted by Mr. Renna, SJI has made many employee-related commitments to safeguard employees. Prior to Closing, SJI will make offers of employment to all then-current Elkton Gas employees on terms and at compensation and benefit levels comparable to their then-existing terms and compensation and benefit levels. In addition, for three years following the close of the Acquisition, SJI (or an affiliate) will maintain the current size of the Maryland workforce supporting Elkton Gas's operations. SJI will also honor all obligations to Elkton Gas's employees and retirees with respect to pension benefits. SJI will maintain Elkton Gas's local core management team following the Acquisition. These commitments help ensure that there will be no adverse employee impacts.

D. Impact on Utility Service

Q. Please describe the impact of the Acquisition on overall customer service and the provision of safe and reliable service at just and reasonable rates and charges.

A. The Acquisition will have no adverse impact on customers in terms of customer service or the provision of safe, reliable and adequate service at just and reasonable rates.

To this end, as discussed by Mr. Renna, SJI commits to maintaining Elkton Gas's service and walk-in payment center and Elkton, Maryland headquarters for a period of at least three (3) years following the Closing. In addition, SJI will maintain Elkton Gas's local core management team following the Closing, and as I noted earlier, it is our expectation that the high level of autonomy that exists today at Elkton Gas will continue. Indeed, Elkton Gas's customers will continue to receive service in the same manner and pursuant to the same Commission-approved Elkton Gas Tariff in place today. In addition, SJI is also committed to providing Elkton Gas with the resources necessary to invest in capital and infrastructure projects to help ensure that Elkton Gas may continue to provide safe, adequate and proper utility service. We also believe that there is an opportunity for improved customer service through the sharing of knowledge and an exchange of ideas, methods and procedures in all areas of the business.

Q. How will the Acquisition impact the franchise rights of Elkton Gas?

A. As discussed by Brian MacLean in his Direct Testimony, Pivotal must transfer its franchises to Elkton Gas; however, the rights, privileges, and obligations of those franchises will continue as they exist today.

V. CONCLUSION

Q. Can you briefly summarize your testimony?

A. Yes. SJI is an experienced energy company that has, through South Jersey Gas, provided reliable utility service to New Jersey for more than 100 years. SJI's operational and management philosophies have historically contributed to the success of the company and SJI will apply the same philosophies to Elkton Gas. As demonstrated herein, the Acquisition will have no adverse impacts on customer rates, the employees of Elkton Gas, or on the provision of safe and adequate utility service at just and reasonable rates for its customers. It will have significant positive benefits.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

IN THE MATTER OF THE JOINT	**)**	
APPLICATION OF SOUTH JERSEY	**)**	
INDUSTRIES, INC., ELKTON	**)**	**CASE NO. _____**
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d/b/a ELKTON GAS FOR AUTHORITY TO	**)**	
SELL AND TRANSFER SUBSTANTIALLY	**)**	
ALL OF ELKTON GAS'S ASSETS	**)**	
INCLUDING NATURAL GAS	**)**	
FRANCHISES TO ELKTON	**)**	
ACQUISITION CORP; AND FOR ALL	**)**	
RELATED AUTHORIZATIONS AND	**)**	
APPROVALS	**)**	

DIRECT TESTIMONY OF

ANN ANTHONY

VICE PRESIDENT AND TREASURER
SOUTH JERSEY INDUSTRIES, INC.

On behalf of the Applicants

January 16, 2018

Q. Please state your name and business address.

A. My name is Ann Anthony. My business address is 1 South Jersey Plaza, Folsom, New Jersey 08037.

Q. By whom are you employed and in what capacity?

A. I am the Vice President and Treasurer of South Jersey Industries, Inc. ("SJI"). In that capacity, I manage and oversee SJI's treasury functions, including SJI's banking relationships, cash management, and long- and short-term borrowings.

Q. Please describe your educational background.

A. I am a 1987 graduate of St. Joseph's University, where I earned my undergraduate degree in finance. I also obtained an MBA in finance from St. Joseph's University in 1993.

Q. Do you hold any certifications?

A. Yes. I am a holder of the Certified Treasury Professional ("CTP") professional certification.

Q. Please describe your professional experience and affiliations.

A. Prior to joining SJI, I held a number of senior treasury roles in several organizations. I joined SJI in 2008 as General Manager, Treasury & Investor Relations and advanced through a number of managerial and professional positions before being appointed to my current position in 2014. In addition, I hold several non-profit board affiliations. I am the President of the Board of The Darlington Arts Center in Garnet Valley, Pennsylvania; a board member of The Association for Financial Professionals in Bethesda, Maryland; and a board member of Bancroft in Cherry Hill, New Jersey.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide an overview of the financial transactions associated with SJI's proposed acquisition of Elkton Gas ("Elkton Gas"), a division of Pivotal Utility Holdings, Inc. ("Pivotal") ("Acquisition"), as well as the capitalization of the post-Acquisition entity that, as noted below, will be named "Elkton Gas Company."

Q. What is the structure of the proposed Acquisition?

A. As discussed in the Direct Testimony of Michael J. Renna, SJI and Pivotal entered into an Asset Purchase Agreement ("APA") on October 15, 2017. Elkton Acquisition Corp. was formed in order to acquire Elkton Gas from Pivotal for the purpose of owning and operating the acquired assets as a public utility. Again, upon closing (the "Closing"), Elkton Acquisition Corp.'s name will be changed to "Elkton Gas Company." In addition, a new utility holding company, SJI Utilities, Inc. ("SJI Utilities"), will be formed as a wholly owned subsidiary of SJI prior to Closing and will own the newly formed Elkton Gas, South Jersey Gas Company ("South Jersey Gas") and Elizabethtown Gas Company in New Jersey. Because the post-Closing entity (Elkton Gas Company) will operate under a name similar to the one under which Pivotal does business today (Elkton Gas), for ease, I refer to the post-Closing entity as Elkton Gas in my testimony.

Q. Please describe the financial stature of SJI.

A. SJI is a New York Stock Exchange-listed corporation with an equity market capitalization of approximately $2.68 billion. SJI has an investment-grade credit rating of BBB+ from Standard & Poor's and intends to finance this transaction in a manner intended to preserve that rating. SJI has a longstanding track record of financial stability, strong earnings, and successful access to debt and equity markets at competitive costs.

Q. How will SJI finance the Acquisition of the Elkton assets?

A. As reflected in the APA, SJI will acquire Elkton Gas for a base purchase price of approximately $10 million. SJI maintains a strong balance sheet, and that will enable SJI to issue a combination of debt and equity in order to finance the acquisitions of Elkton Gas and of Elizabethtown Gas. SJI continues to review with its advisors the best allocation as between debt and equity. However, SJI intends to engage in this financing during the period commencing January 2018. Any debt on the Pivotal balance sheet attributable to Elkton Gas will be paid off prior to closing. It is anticipated that Elkton Gas will issue debt following Closing in amounts comparable to those contained on the Pivotal balance sheet applicable to Elkton Gas today.

Q. Do you believe that SJI will be able to access the debt and equity markets at reasonable cost in order to finance the Acquisition of Elkton Gas's assets?

A. Yes. SJI has strengthened its balance sheet in recent years and intends to continue to maintain a strong balance sheet, which will enable such financing. SJI issued equity in 2016 and long-term debt in mid-2017 for general corporate purposes and both transactions were enthusiastically received and multiple-times oversubscribed. The markets have viewed this Acquisition as positive for SJI, and there is no reason to believe that it will have a negative impact on either SJI's, South Jersey Gas' or Elkton Gas's financing costs.

Q. How does SJI propose to manage the working capital needs of Elkton Gas following the Closing?

A. Long-term, Elkton Gas will have permanent debt financing comparable to what it has employed recently. Following the proposed Closing, Elkton will issue debt in the form of

a revolving credit agreement and a two-year term loan facility. During the two-year period of the term loan facility, the term loan will be replaced by long-term debt in such a manner as to maintain the same debt/equity ratio utilized to set rates for Elkton Gas in its most recent base rate case.

Q. Will the Acquisition affect SJI's credit rating?

A. We do not expect the Acquisition to affect SJI's credit rating and it is SJI's intent to defend its BBB+ credit rating with Standard and Poor's. While SJI's ratings were put on credit watch following announcement of the Acquisition, this is fairly standard practice and our discussions with Standard and Poor's since the announcement have been positive. We expect to have a continued and productive dialogue as we finalize our financing plans.

Q. How will SJI's non-gas distribution business affect the financing costs of Elkton Gas or its access to capital?

A. As we have proven historically, SJI's non-gas distribution business has not adversely affected the financing costs or access to capital of South Jersey Gas, and I have no reason to believe that the impact on Elkton's financing costs or access to capital will be different. SJI owns a diverse range of energy-related businesses, and it has not been our experience that this diversification increases SJI's overall risk or net financing costs. In fact, this Acquisition is expected to be viewed favorably by both the debt and equity markets as it increases the proportion of regulated utility operations at SJI.

Moreover, while SJI issues debt on behalf of its non-regulated subsidiaries, our existing regulated utility, South Jersey Gas, maintains its own ratings and issues its own

short-term and long-term debt. South Jersey Gas is currently rated BBB+ by Standard and Poor's and A2 by Moody's.

Q. Will there be any impact on Elkton Gas's capital structure ratios as a result of the proposed Acquisition?

A. There will be no material impact on Elkton Gas's capital structure ratios. It is SJI's intent that post-Closing Elkton will have the same capital structure ratios utilized to set rates in Elkton Gas's most recent base rate case. In fact, SJI commits that post-Closing, Elkton Gas will continue to maintain a rolling 12-month average annual equity ratio of at least 48 percent.

Q. Will any assets of Elkton Gas be pledged for the benefit of SJI or any other SJI affiliate?

A. No. SJI will not pledge any asset of Elkton Gas as support for any securities which SJI or any of its affiliates other than Elkton Gas may issue. Of course, Elkton Gas may pledge its assets to secure debt issued by Elkton Gas in the normal conduct of its business operations. Any such transfers would be subject to prior review and approval by the Maryland Public Service Commission ("Commission"). In so doing, Elkton Gas will continue to comply with Commission regulations regarding relations with its affiliates.

Q. Does this conclude your direct testimony?

A. Yes.