

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

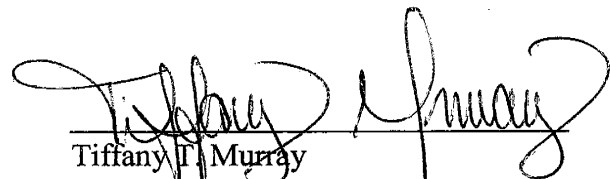
PETITION OF MIDWEST NATURAL GAS)
CORPORATION FOR AUTHORITY TO CHANGE ITS)
RATES, CHARGES, TARIFFS, RULES, AND) CAUSE NO. 44880
REGULATIONS)

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

WORKPAPERS OF BRADLEY E. LORTON

FEBRUARY 22, 2017

Respectfully submitted,


Tiffany L. Murray
Deputy Consumer Counselor

RECENT PRICE	33.50	P/E RATIO	19.7 (Trailing: 20.9 Median: 16.0)	RELATIVE P/E RATIO	1.03	DIV'D YLD	3.0%	VALUE LINE
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TIMELINESS 3 Lowered 10/28/16				High: 16.4 17.7 18.8 20.6 21.2 22.0 25.2 25.1 23.8 32.1 34.1 38.9 Low: 13.6 13.8 15.2 12.3 15.0 16.7 19.8 19.3 19.5 21.9 26.8 30.5												Target Price Range		
SAFETY 1 Raised 9/15/06																2019	2020	2021
TECHNICAL 3 Lowered 10/28/16																		
BETA .80 (1.00 = Market)																		
2019-21 PROJECTIONS																		
	Price	Gain	Ann'l Total Return															
High	30	(-10%)	N/A															
Low	25	(-25%)	-4%															
Insider Decisions																		
	J	F	M	A	M	J	J	A	S									
to Buy	0	0	0	0	0	0	0	0	0									
Options	6	0	0	0	0	0	0	0	0									
to Sell	0	0	4	0	1	0	0	0	0									
Institutional Decisions																		
	4Q2015	1Q2016	2Q2016															
to Buy	117	114	103															
to Sell	94	114	107															
Mld's(000)	49713	51216	52551															
				Percent shares traded												% TOT. RETURN 10/16		
				30 20 10												THIS STOCK 10.3 6.4		
																3 yr. 62.4 15.7		
																5 yr. 70.7 76.0		

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
14.71	25.61	22.06	31.14	30.44	38.10	39.81	36.31	45.37	31.17	32.05	36.30	27.08	38.38	44.40	32.09	21.90	27.35	Revenues per sh ^A	29.85
1.00	1.06	1.07	1.19	1.25	1.31	1.37	1.22	1.81	1.58	1.63	1.70	1.86	1.93	2.73	2.52	2.45	2.50	"Cash Flow" per sh	2.85
.60	.65	.70	.79	.85	.88	.93	.78	1.35	1.20	1.23	1.29	1.36	1.37	2.08	1.78	1.61	1.75	Earnings per sh ^B	2.10
.38	.39	.40	.41	.43	.45	.48	.51	.56	.62	.68	.72	.77	.81	.86	.93	.98	1.02	Div'ds Decl'd per sh ^C	1.05
.62	.55	.51	.57	.72	.64	.64	.73	.86	.90	1.05	1.13	1.26	1.33	1.52	3.76	1.70	1.75	Cap'l Spending per sh	1.80
4.14	4.40	4.35	5.13	5.62	5.30	7.50	7.75	8.64	8.29	8.81	9.36	9.80	10.65	11.48	12.99	13.80	14.55	Book Value per sh ^D	17.40
79.17	79.99	83.00	81.70	83.22	82.64	82.88	83.22	84.12	83.17	82.35	82.89	83.05	83.32	84.20	85.19	85.88	86.00	Common Shs Outst'g ^E	86.00
14.7	14.2	14.7	14.0	15.3	16.8	16.1	21.6	12.3	14.9	15.0	16.8	16.8	16.0	11.7	16.6	21.3		Avg Ann'l P/E Ratio	14.0
.96	.73	.80	.80	.81	.89	.87	1.15	.74	.99	.95	1.05	1.07	.90	.62	.84	1.17		Relative P/E Ratio	.90
4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.0%	3.3%	3.5%	3.7%	3.3%	3.4%	3.7%	3.5%	3.1%	2.9%		Avg Ann'l Div'd Yield	3.6%

[illegible]

Cash Assets	2.2	2.8	4.6
Other	680.5	539.6	509.9
Current Assets	682.7	544.5	604.7
Accts Payable	330.3	273.2	216.0
Debt Due	335.5	77.5	256.0
Other	125.3	85.4	129.5
Current Liab.	791.1	436.1	601.5
Fix. Chg. Cov.	1007%	750%	750%
ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
Revenues	1.5%	1.0%	-4.0%
"Cash Flow"	6.5%	7.5%	3.0%
Earnings	7.5%	6.5%	3.0%
Dividends	7.0%	7.0%	3.5%
Book Value	8.0%	6.5%	7.0%

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 512,300 customers at 9/30/15 in Monmouth and Ocean counties, and other N.J. counties. Fiscal 2015 volume: 341 bill. cu. ft. (14% interruptible, 21% residential and commercial and electric utility, 65% incentive programs). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2015 dep. rate: 2.5%. Has 991 empl. Off/dir. own about 1.4% of common (12/15 Proxy). Chrmn., CEO & Pres.: Laurence M. Downes, Inc.: NJ Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.

New Jersey Resources faced a difficult operating environment in fiscal 2016 (ended September 30th). Indeed, the company posted a downturn in both revenues and earnings this past year. What's more, since our September review, the stock has registered a modest 5% duction of almost 10%, to \$1.61 per share. This was in line with our expectation. **That said, we have adjusted our outlook for this year.** The company appears poised to log a rebound in revenues of about 25%, to \$2.35 billion, due primarily to new NJNG customer accounts. Manago

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New Jersey Resources faced a difficult operating environment in fiscal 2016 (ended September 30th). Indeed, the company posted a downturn in both revenues and earnings this past year. What's more, since our September review, the stock has registered a modest 5% pullback, likely as a reflection of the slow-down in the retail/wholesale energy business. Revenues declined more than 30% on a year-over-year basis, to \$1.88 billion. This largely stemmed from the warmer-than-normal weather patterns that existed across NJR's service territory. This trend was further exacerbated by the falloff of natural gas and commodity prices when compared to 2015's levels. Despite these challenges, the New Jersey Natural Gas (NJNG), regulated utility business added 8,170 new customer accounts in 2016. A bit more than 55% of those came from new construction. Still, on the profitability front, the sharp downturn in volumes weighed on both fixed- and variable-cost absorption. In fact, operating expenses ticked 20 basis points higher, when viewed as a percentage of the top line. Combined, these factors equated to an earnings re-

duction of almost 10%, to \$1.61 per share. This was in line with our expectation. **That said, we have adjusted our outlook for this year.** The company appears poised to log a rebound in revenues of about 25%, to \$2.35 billion, due primarily to new NJNG customer accounts. Management estimates roughly 24,000-27,000 accounts will be added between fiscal 2017 and 2019. Elsewhere, the regulated utility division received approval of a rate reduction as well as a bill credit, that will have a net impact on the typical residential heating customer lowering a bill about 2% annually. This helps to put rates more in line with the current natural gas pricing environment. Finally, we have trimmed a nickel off our 2017 share-net estimate, to \$1.75, placing it near the top end of management's recently issued guidance range of \$1.65-\$1.75. This would represent an annual increase of almost 9%. **We think most investors' funds could be better utilized elsewhere.** Neutrally ranked NJR is lacking upside potential based on our projections. And the dividend yield is a bit light for a utility.

Bryan J. Fong *December 2, 2016*

(A) Fiscal year ends Sept. 30th.
(B) Diluted earnings. Qtrly eggs may not sum to total due to change in shares outstanding. Next earnings report due late Jan.

(C) Dividends historically paid in early Jan., April, July, and October. 1Q '13 div'd paid in 4Q '12. ■ Dividend reinvestment plan available.
(D) Includes regulatory assets in 2015: \$410.2

Company's Financial Strength	A+
Stock's Price Stability	85
Price Growth Persistence	55
Earnings Predictability	55

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N.W. NAT'L GAS NYSE-NWN										RECENT PRICE	57.95	P/E RATIO	26.3	(Trailing: 26.5 Median: 18.0)	RELATIVE P/E RATIO	1.38	DIV'D YLD	3.2%	VALUE LINE																																						
TIMELINESS	3	Lowered 8/12/16	High: 39.6	32.4	43.7	52.8	55.2	46.5	50.9	49.0	50.8	46.6	52.6	52.3	66.2				Target Price	Range																																					
SAFETY	1	Raised 3/18/05	Low: 32.4	32.8	39.8	37.7	37.7	41.1	39.6	41.0	40.0	40.1	42.0	48.9					2019	2020	2021																																				
TECHNICAL	2	Raised 12/2/16	LEGENDS 1.10 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession																																																						
BETA	.65	(1.00 = Market)																																																							
2019-21 PROJECTIONS																																																									
Price	60	Gain	Ann'l Total																																																						
High	60	(+5%)	4%																																																						
Low	50	(-15%)	Nil																																																						
Insider Decisions																																																									
J	F	M	A	M	J	J	A	S																																																	
to Buy	0	0	0	0	0	0	0	0																																																	
Options	4	12	3	0	4	6	1	0																																																	
to Sell	0	0	4	0	2	7	1	0																																																	
Institutional Decisions																																																									
4Q2015	1Q2016	2Q2016																																																							
to Buy	81	98	118																																																						
to Sell	65	65	80																																																						
Hlds(000)	16813	15946	16937																																																						
Percent	15	10	5																																																						
shares																																																									
traded																																																									
© VALUE LINE PUB. LLC 19-21																																																									
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017																																								
21.09	25.78	25.07	23.57	25.69	33.01	37.20	39.13	39.16	38.17	30.56	31.72	27.14	28.02	27.64	26.39	23.45	25.15	Revenues per sh		28.90																																					
3.68	3.86	3.65	3.85	3.92	4.34	4.76	5.41	5.31	5.20	5.18	5.00	4.94	5.04	5.05	4.91	4.50	4.85	"Cash Flow" per sh		6.05																																					
1.79	1.88	1.62	1.76	1.86	2.11	2.35	2.76	2.57	2.83	2.73	2.39	2.22	2.24	2.16	1.96	2.15	2.35	Earnings per sh ^A		3.15																																					
1.24	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	1.68	1.75	1.79	1.83	1.85	1.86	1.87	1.88	Div'ds Decl'd per sh ^B		2.05																																					
3.46	3.23	3.11	4.90	5.52	3.48	3.56	4.48	3.92	5.09	9.35	3.76	4.91	5.13	4.40	4.37	4.50	6.20	Cap'l Spending per sh		6.35																																					
17.93	18.56	18.88	19.52	20.64	21.28	22.01	22.52	23.71	24.88	26.08	26.70	27.23	27.77	28.12	28.47	27.40	28.40	Book Value per sh ^D		30.55																																					
25.23	25.23	25.59	25.94	27.55	27.58	27.24	26.41	26.50	26.53	26.58	26.76	26.92	27.08	27.28	27.43	29.00	29.00	Common Shs Outst'g ^C		28.00																																					
12.4	12.9	17.2	15.8	16.7	17.0	15.9	16.7	18.1	15.2	17.0	19.0	21.1	19.4	20.7	23.7	Avg Ann'l P/E Ratio		17.0		17.0																																					
.81	.66	.94	.90	.88	.91	.86	.89	1.09	1.01	1.08	1.19	1.34	1.09	1.09	1.19	Relative P/E Ratio		1.05		1.05																																					
5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.1%	3.3%	3.7%	3.6%	3.9%	3.8%	4.2%	4.1%	4.0%	Avg Ann'l Div'd Yield		3.7%		3.7%																																					
CAPITAL STRUCTURE as of 9/30/16						1013.2	1033.2	1037.9	1012.7	812.1	848.8	730.6	758.5	754.0	723.8	680	730	Revenues (\$mill)		865																																					
Total Debt \$790.1 mill. Due in 5 Yrs \$360.0 mill.						65.2	74.5	68.5	75.1	72.7	63.9	59.9	60.5	58.7	53.7	62.0	68.0	Net Profit (\$mill)		86.0																																					
LT Debt \$530.2 mill. LT Interest \$45.0 mill.						36.3%	37.2%	36.9%	38.3%	40.5%	40.4%	42.4%	40.8%	41.5%	40.0%	35.0%	35.0%	Income Tax Rate		35.0%																																					
(Total interest coverage: 3.5x)						6.4%	7.2%	6.6%	7.4%	8.9%	7.5%	8.2%	8.0%	7.8%	7.4%	9.2%	9.3%	Net Profit Margin		10.9%																																					
Pension Assets-12/15 \$249.4 mill.						46.3%	46.3%	44.9%	47.7%	46.1%	47.3%	48.5%	47.6%	44.8%	42.5%	43.0%	43.0%	Long-Term Debt Ratio		43.0%																																					
Obliq. \$445.6 mill.						53.7%	53.7%	55.1%	52.3%	53.9%	52.7%	51.5%	52.4%	55.2%	57.5%	57.0%	57.0%	Common Equity Ratio		57.0%																																					
Pfd Stock None						1116.5	1106.8	1140.4	1261.8	1284.8	1356.2	1424.7	1433.6	1389.0	1357.7	1390	1445	Total Capital (\$mill)		1605																																					
Common Stock 27,557,756 shares as of 10/21/16						1425.1	1495.9	1549.1	1670.1	1854.2	1893.9	1973.6	2062.9	2121.6	2182.7	2270	2360	Net Plant (\$mill)		2655																																					
MARKET CAP \$1.6 billion (Mid Cap)						7.1%	8.5%	7.7%	7.3%	7.0%	6.2%	5.7%	5.8%	5.8%	5.5%	5.5%	6.0%	Return on Total Cap'l		7.5%																																					
CURRENT POSITION						10.9%	12.5%	10.9%	11.4%	10.5%	8.9%	8.2%	8.1%	7.6%	6.9%	8.0%	8.0%	Return on Shr. Equity		10.5%																																					
2014						10.9%	12.5%	10.9%	11.4%	10.5%	8.9%	8.2%	8.1%	7.6%	6.9%	8.0%	8.0%	Return on Com Equity		10.5%																																					
2015						4.5%	6.0%	4.5%	5.0%	4.0%	2.4%	1.6%	1.5%	1.1%	.6%	1.0%	1.5%	Retained to Com Eq		3.5%																																					
9/30/16						59%	52%	59%	56%	61%	73%	80%	81%	85%	92%	87%	80%	All Div'ds to Net Prof		65%																																					
(\$MILL.)						9.5	4.2	6.2																																																	
Cash Assets						353.1	327.9	204.4																																																	
Other						362.6	332.1	210.6																																																	
Current Assets						91.4	73.2	55.9																																																	
Accts Payable						274.7	295.0	259.9																																																	
Debt Due						103.3	109.5	86.9																																																	
Other						469.4	477.7	402.7																																																	
Current Liab.						321%	300%	350%																																																	
Fix. Chg. Cov.																																																									
ANNUAL RATES						Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21																																																	
of change (per sh)						--	-5.5%	1.0%																																																	
Revenues						2.0%	-1.0%	3.0%																																																	
"Cash Flow"						1.0%	-5.0%	7.0%																																																	
Earnings						3.5%	3.0%	2.0%																																																	
Dividends						3.0%	2.5%	1.5%																																																	
Book Value						255	130	95.0	250	730																																															

BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 704,000 customers, in Oregon (89% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.

Owns local underground storage. Rev. breakdown: residential, 35%; commercial, 22%; industrial, gas transportation, and other, 43%. Employs 1,092. BlackRock Inc. owns 10.0% of shares; officers and directors, 2.1% (4/16 proxy). CEO: Gregg S. Kantor, Inc.. Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com.

Northwest Natural Gas reported lackluster third-quarter results. Revenues fell 6% year over year, hurt by lower commodity prices. Still, the company had better gross profits, aided by stronger gas storage results. Operating expenses increased during the quarter, while bottom-line results were hurt by a \$1.2 million environmental remediation charge. This caused losses to expand to \$0.29 a share. Still, cooler weather is expected in the fourth quarter, which should help drive revenues higher. We have lowered our 2016 full-year estimate by a nickel to \$2.15 a share.

Near-term results should benefit from improvements in the Portland market. Unemployment there has continued to drop, and construction in the area continues to be strong, as building permits were up 20% year over year. Too, the company should continue to benefit from decent conversion efforts, which ought to drive usage growth. These efforts will likely allow for better earnings in 2017.

Meanwhile, the Mist expansion plant has received its notice to proceed from Portland General Electric. This project will provide up to 120 million cubic feet of gas per day through a 13-mile pipeline, and will cost around \$128 million. The company has already started to raise the funds required through equity sales, as it will sell up to 1.01 million shares, largely paying for the early buildout of the system. The facility is on track to be in service by the winter of 2018-2019, and will allow for a sizable bump in earnings.

The company raised its quarterly dividend to \$0.47 a share (up 1%). This marks the 61st annual increase for the dividend aristocrat. The yield remains average for a utility, and will likely grow at modest rates until the Mist facility comes on line. Too, higher market interest rates are expected, which should decrease the appeal of the slow-growing dividend.

Shares of Northwest Natural Gas do not hold much appeal at the recent quotation. They are trading within our long-term Target Price Range, and the yield does not stand out among utilities. Long-term accounts would be best served waiting for a dip in price.

John E. Seibert III
December 2, 2016

SOUTH JERSEY INDS. NYSE-SJI										RECENT PRICE	32.95	P/E RATIO	22.4 (Trailing: 20.7 Median: 17.0)	RELATIVE P/E RATIO	1.17	DIV'D YLD	3.3%	VALUE LINE																										
TIMELINESS	2	Lowered 10/28/16	High: 16.2	17.1	20.6	20.3	20.4	27.1	29.0	29.0	31.1	30.6	30.4	32.9					Target Price Range	2019	2020	2021																						
SAFETY	2	Lowered 1/4/91	Low: 12.5	12.8	15.6	12.6	16.0	18.6	21.4	22.9	25.3	25.9	21.2	22.1																														
TECHNICAL	3	Lowered 11/18/16	LEGENDS 0.80 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 7/05 2-for-1 split 5/15 Options: Yes Shaded area indicates recession																																									
BETA	.80	(1.00 = Market)																																										
2019-21 PROJECTIONS																																												
		Price	Gain	Ann'l Total																																								
		High	35	(+5%)	5%																																							
		Low	25	(-25%)	-2%																																							
Insider Decisions																																												
		J	F	M	A	M	J	J	A	S																																		
		to Buy	0	0	0	0	0	0	0	0																																		
		Options	9	0	9	0	0	1	0	0																																		
		to Sell	0	0	1	1	0	0	0	0																																		
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		to Sell	72	77	61																																							
		Hld's(000)	43333	46585	56193																																							
		Percent shares traded	15	10	5																																							
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC 19-21																								
		11.22	17.65	10.35	13.17	14.75	15.89	15.88	16.15	16.18	14.19	15.48	13.71	11.16	11.18	12.98	13.52	12.40	12.80	Revenues per sh	15.10																							
		.97	.95	1.06	1.12	1.22	1.25	1.75	1.60	1.74	1.86	2.10	2.23	2.34	2.48	2.67	2.42	2.45	2.55	"Cash Flow" per sh	2.95																							
		.54	.57	.81	.68	.79	.86	1.23	1.05	1.14	1.19	1.35	1.45	1.52	1.52	1.57	1.44	1.45	1.50	Earnings per sh ^A	1.80																							
		.37	.37	.38	.39	.41	.43	.46	.51	.56	.61	.68	.75	.83	.90	.96	1.02	1.06	1.10	Div'ds Decl'd per sh ^B	1.30																							
		1.11	1.41	1.74	1.18	1.34	1.60	1.26	.94	1.04	1.83	2.79	3.20	4.01	4.84	5.01	4.87	3.25	3.90	Cap'l Spending per sh	5.10																							
		3.62	3.91	4.84	5.63	6.20	6.75	7.55	8.12	8.67	9.12	9.54	10.33	11.63	12.64	13.65	14.62	16.90	18.30	Book Value per sh ^C	21.50																							
		46.00	47.44	48.83	52.92	55.52	57.96	58.65	59.22	59.46	59.59	59.75	60.43	63.31	65.43	68.33	70.97	80.00	82.00	Common Shs Outst'g ^D	86.00																							
		13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	15.0	16.8	18.4	16.9	18.9	18.0	17.9	18.0	17.9	Avg Ann'l P/E Ratio	16.0																							
		.85	.70	.74	.76	.74	.88	.64	.91	.96	1.00	1.07	1.15	1.08	1.06	.95	.90	.90	.90	Relative P/E Ratio	1.00																							
		5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%	3.4%	3.0%	2.8%	3.2%	3.1%	3.4%	3.9%			Avg Ann'l Div'd Yield	4.5%																							
		CAPITAL STRUCTURE as of 9/30/16										931.4	956.4	962.0	845.4	925.1	828.6	706.3	731.4	887.0	959.6	990	1050	Revenues (\$mill)	1300																			
		Total Debt \$1270.8 mill. Due in 5 Yrs \$1140 mill.										72.0	61.8	67.7	71.3	81.0	87.0	93.3	97.1	104.0	99.0	110	120	Net Profit (\$mill)	150																			
		LT Debt \$808.7 mill. LT Interest \$25.0 mill.										41.3%	41.9%	47.7%	23.0%	15.2%	22.4%	10.8%	--	10.8%	5.9%	25.0%	25.0%	Income Tax Rate	25.0%																			
		(Total interest coverage: 6.1x)										7.7%	6.5%	7.0%	8.4%	8.8%	10.5%	13.3%	13.3%	11.7%	10.3%	11.1%	11.4%	Net Profit Margin	11.5%																			
		Leases, Uncapitalized Annual rentals \$.8 mill.										44.7%	42.7%	39.2%	36.5%	37.4%	40.5%	45.0%	45.1%	48.0%	49.2%	41.5%	42.5%	Long-Term Debt Ratio	45.0%																			
		Pension Assets-12/15 \$184.8 mill.										55.3%	57.3%	60.8%	63.5%	62.6%	59.5%	55.0%	54.9%	52.0%	50.8%	58.5%	57.5%	Common Equity Ratio	55.0%																			
		Oblig. \$254.2 mill.										801.1	839.0	848.0	856.4	910.1	1048.3	1337.6	1507.4	1791.9	2043.9	2300	2600	Total Capital (\$mill)	3350																			
		Pfd Stock None										920.0	948.9	982.6	1073.1	1193.3	1352.4	1578.0	1859.1	2134.1	2448.1	2580	2700	Net Plant (\$mill)	3000																			
		Common Stock 79,477,822 shs. as of 11/1/16										10.1%	8.6%	8.9%	9.0%	9.5%	8.9%	7.4%	6.8%	6.4%	5.4%	5.5%	5.0%	Return on Total Cap'l	5.0%																			
		MARKET CAP: \$2.6 billion (Mid Cap)										16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	12.7%	11.7%	11.2%	9.5%	8.0%	8.0%	8.0%	Return on Shr. Equity	8.0%																		
		CURRENT POSITION										16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	12.7%	11.7%	11.2%	9.5%	8.0%	8.0%	8.0%	Return on Com Equity	8.0%																		
		(\$MILL.)										10.2%	6.7%	6.7%	6.4%	7.1%	6.7%	5.8%	4.8%	4.3%	2.8%	2.0%	2.0%	2.0%	Retained to Com Eq	2.0%																		
		2014										37%	48%	49%	51%	50%	52%	55%	59%	61%	71%	77%	75%	75%	All Div'ds to Net Prof	75%																		
		2015																																										
		9/30/16																																										
		Cash Assets										4.2	3.9	6.9																														
		Other										562.5	427.4	350.9																														
		Current Assets										566.7	431.3	357.8																														
		Accts Payable										273.0	186.4	141.1																														
		Debt Due										395.6	461.2	462.1																														
		Other										181.6	184.9	209.2																														
		Current Liab.										850.2	832.5	812.4																														
		Fix. Chg. Cov.										432%	496%	572%																														
		ANNUAL RATES of change (per sh)										Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21																														
		Revenues										-1.5%	-4.0%	3.0%																														
		"Cash Flow"										7.5%	6.0%	2.5%																														
		Earnings										7.0%	4.0%	3.0%																														
		Dividends										9.0%	9.5%	6.5%																														
		Book Value										8.0%	8.5%	8.0%																														
		Cal-endar										QUARTERLY REVENUES (\$ mill.)	Full Year																															
		Mar.31 Jun.30 Sep.30 Dec.31																																										
		2013										255.6	122.6	128.8	224.4	731.4																												
		2014										350.2	133.3	122.4	281.1	887.0																												
		2015										383.0	177.7	141.1	257.8	959.6																												
		2016										333.0	154.4	219.1	283.5	990																												
		2017										350	175	200	325	1050																												
		Cal-endar										EARNINGS PER SHARE ^A	Full Year																															
		Mar.31 Jun.30 Sep.30 Dec.31																																										
		2013										.76	.16	d.02	.62	1.52																												
		2014										1.01	.15	d.05	.47	1.57																												
		2015										.86	.03	d.07	.62	1.44																												
		2016										.80	.12	.05	.48	1.45																												
		2017										.82	.12	Nil	.56	1.50																												
		Cal-endar										QUARTERLY DIVIDENDS PAID ^B	Full Year																															
		Mar.31 Jun.30 Sep.30 Dec.31																																										
		2012										--	.202	.202	.423	.83																												
		2013										--	.222	.222	.458	.90																												
		2014										--	.237	.237	.488	.96																												
		2015										--	.251	.251	.515	1.02																												
		2016										--	.264	.264	.536																													
BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 373,100 customers in New Jersey's southern counties. Gas revenue mix '15: residential, 45%; commercial, 22%; cogeneration and electric generation, 12%; industrial, 21%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, South Jersey Exploration, Marina Energy, South Jersey Energy Service Plus, and SJI Midstream. Has about 720 employees. Off/dir. own less than 1% of common shares; BlackRock, Inc., 10.5%; The Vanguard Group, Inc., 7.7% (3/16 proxy). Pres. & CEO: Michael J. Renne. Inc.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.																																												
Shares of South Jersey Industries are trading near an all-time high price. The company posted impressive results for the September interim. This was largely due to performance at SJ Energy Services. This line benefited from strong production from its solar fleet and improved SREC (Solar Renewable Energy Credit) prices. A recovery related to the writedown of an energy facility and investment tax credits associated with solar project development also boosted results here. Both SJ Energy Group and utility South Jersey Gas reported lower operating losses for the period. The third quarter is traditionally weak for the utility.																																												
South Jersey Gas has received regulatory approval to continue its Accelerated Infrastructure Replacement Program and to adjust rates to reflect prior investments. This allows the utility to invest up to \$302.5 million over the next five years to continue the accelerated replacement of aging bare steel and cast iron mains with plastic pipe, which is more durable. It will recover these investments though annual rate adjustments, the first of which will occur next October.																																												
South Jersey Gas is also to recover \$74.5 million in safety and reliability investments not previously reflected in rates through a base rate adjustment. In addition, the utility will issue customers a \$10 million credit, mainly due to lower-than-expected wholesale gas costs.																																												
We expect healthy operating improvement to late decade. The utility should further benefit from infrastructure investment and customer additions. Natural gas remains the fuel of choice within its service territory, and this business should continue to gain from customer conversions. Meanwhile, growth in the number of fuel management contracts augurs well for volumes and margins at SJ Energy Group. Elsewhere, SJ Energy Services should benefit from the healthy performance of its energy production assets.																																												
This timely stock offers a good dividend yield. Moreover, South Jersey earns favorable marks for Safety, Financial Strength, Price Stability, and Earnings Predictability. But capital gains potential is underwhelming at this juncture, following a run-up in the share price.																																												
<i>Michael Napoli, CFA</i> December 2, 2016																																												

SOUTHWEST GAS NYSE-SWX				RECENT PRICE	74.45	P/E RATIO	22.4	Trailing: 23.3 Median: 16.0	RELATIVE P/E RATIO	1.17	DIV'D YLD	2.5%	VALUE LINE							
TIMELINESS	3	Lowered 9/30/16	High: 28.1	39.4	39.9	33.3	29.5	37.3	43.2	46.1	56.0	64.2	63.7	79.6						
SAFETY	3	Lowered 1/4/91	Low: 23.5	26.0	26.5	21.1	17.1	26.3	32.1	39.0	42.0	47.2	50.5	53.5						
TECHNICAL	4	Lowered 11/18/16	LEGENDS 1.00 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession																	
BETA	.75	(1.00 = Market)																		
2019-21 PROJECTIONS															Target Price	Range				
Price	Gain	Ann'l Total													2019	2020	2021			
High 80	(+5%)	Return 5%																		
Low 55	(-25%)	-3%																		
Insider Decisions																				
J	F	M	A	M	J	J	A	S												
to Buy	0	0	0	0	0	0	0	0												
Options	8	20	10	0	1	0	1	1												
to Sell	0	0	9	0	3	5	0	1												
Institutional Decisions																				
4Q2015	1Q2016	2Q2016																		
to Buy	99	108	111																	
to Sell	87	85	102																	
Hld's(000)	37256	37942	37855																	
Percent shares traded																				
15																				
10																				
5																				
© VALUE LINE PUB. LLC 19-21																				
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017			
32.61	42.98	39.68	35.96	40.14	43.59	48.47	50.28	48.53	42.00	40.18	41.07	41.77	42.08	45.61	52.00	52.60	53.55	Revenues per sh	61.55	
4.57	4.79	5.07	5.11	5.57	5.20	5.97	6.21	5.76	6.16	6.46	6.81	7.73	8.24	8.47	8.62	9.25	10.10	"Cash Flow" per sh	12.30	
1.21	1.15	1.16	1.13	1.66	1.25	1.98	1.95	1.39	1.94	2.27	2.43	2.86	3.11	3.01	2.92	3.20	3.50	Earnings per sh A	4.50	
.82	.82	.82	.82	.82	.82	.82	.86	.90	.95	1.00	1.06	1.18	1.32	1.46	1.62	1.76	1.90	Div'ds Decl'd per sh B=†	2.40	
7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.79	4.81	4.73	8.29	8.57	7.86	8.53	10.30	11.25	11.75	Cap'l Spending per sh	13.10	
16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	24.44	25.62	26.66	28.35	30.47	31.95	33.61	34.90	36.20	Book Value per sh	40.40	
31.71	32.49	33.29	34.23	36.79	39.33	41.77	42.81	44.19	45.09	45.56	45.96	46.15	46.36	46.52	47.38	48.00	49.00	Common Shs Outst'g C	52.00	
16.0	19.0	19.9	19.2	14.3	20.6	15.9	17.3	20.3	12.2	14.0	15.7	15.0	15.8	17.9	19.4	Bold figures are Value Line estimates	19.4	Avg Ann'l P/E Ratio	15.0	
1.04	.97	1.09	1.09	.76	1.10	.86	.92	1.22	.81	.89	.98	.95	.89	.94	.98			Relative P/E Ratio	.95	
4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.6%	3.2%	4.0%	3.2%	2.8%	2.8%	2.7%	2.7%	2.9%			Avg Ann'l Div'd Yield	3.6%	
CAPITAL STRUCTURE as of 9/30/16																				
Total Debt \$1642.4 mill. Due in 5 Yrs \$525.0 mill.																		Revenues (\$mill)	3200	
LT Debt \$1592.9 mill. LT Interest \$72.0 mill.																		Net Profit (\$mill)	240	
(Total interest coverage: 4.3x) (49% of Cap'l)																		Income Tax Rate	35.0%	
Leases, Uncapitalized Annual rentals \$7.0 mill.																		Net Profit Margin	7.5%	
Pension Assets-12/15 \$780.5 mill.																		Long-Term Debt Ratio	49.0%	
Oblig. \$1117.4 mill.																		Common Equity Ratio	51.0%	
Pfd Stock None																		Total Capital (\$mill)	4100	
Common Stock 47,482,068 shs.																		Net Plant (\$mill)	4850	
as of 10/28/16																		Return on Total Cap'l	7.0%	
MARKET CAP: \$3.5 billion (Mid Cap)																		Return on Shr. Equity	11.5%	
CURRENT POSITION																		Return on Com Equity	11.5%	
(\$MILL.)																		Retained to Com Eq	5.5%	
2014																		All Div'ds to Net Prof	52%	
2015																				
9/30/16																				
Cash Assets																				
Other																				
Current Assets																				
Accts Payable																				
Debt Due																				
Other																				
Current Liab.																				
Fix. Chg. Cov.																				
ANNUAL RATES																				
Past 10 Yrs.																				
Past 5 Yrs.																				
Est'd '13-'15																				
of change (per sh)																				
Revenues																				
"Cash Flow"																				
Earnings																				
Dividends																				
Book Value																				
Cal-endar																				
QUARTERLY REVENUES (\$ mill.) ^D																				
Mar.31 Jun.30 Sep.30 Dec.31																				
2013																				
2014																				
2015																				
2016																				
2017																				
Cal-endar																				
EARNINGS PER SHARE ^{A,D}																				
Mar.31 Jun.30 Sep.30 Dec.31																				
2013																				
2014																				
2015																				
2016																				
2017																				
Cal-endar																				
QUARTERLY DIVIDENDS PAID ^{B=†}																				
Mar.31 Jun.30 Sep.30 Dec.31																				
2012																				
2013																				
2014																				
2015																				
2016																				

Business: Southwest Gas Corporation is a regulated gas distributor serving approximately 2.0 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2015 margin mix: residential and small commercial, 85%; large commercial and industrial, 4%; transportation, 11%. Total throughput: 2.1 billion

where, Centuri should continue to report solid performance. This business operates in 20 major markets in the United States and two major markets in Canada. Fundamentals appear solid here, considering the need to replace aging infrastructure. Centuri has a strong base of large utility clients to sustain and grow its operation. Many of these are multiyear pipe replacement programs.

The stock does not stand out at this time. The equity is ranked to perform in line with the broader market for the coming six to 12 months. Moreover, appreciation potential is subpar, as the shares are trading well within our Target Price Range. Though we anticipate healthy growth for the company in the coming years, the issue is currently trading at a premium valuation. The dividend yield is nothing special for a utility, either. However, it's worth mentioning that Southwest Gas earns favorable marks for Price Stability, Growth Persistence, and Earnings Predictability. A pullback in the share price may present conservative investors with a better entry point.

Michael Napoli, CFA

December 2, 2016

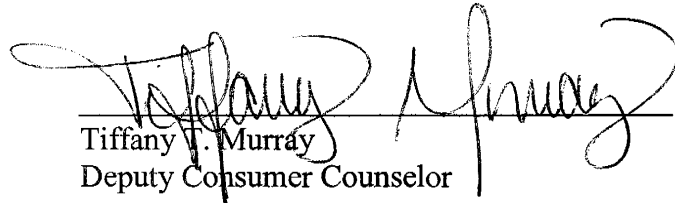
UGI CORP. NYSE-UGI				RECENT PRICE	45.67	P/E RATIO	20.9	(Trailing: 22.2 Median: 15.0)	RELATIVE P/E RATIO	1.09	DIV'D YLD	2.1%	VALUE LINE				
TIMELINESS	4	Lowered 11/18/16	High: 20.0	19.3	19.8	19.2	18.3	21.7	22.4	22.4	28.8	39.7	38.6	48.1			
SAFETY	2	Raised 9/17/04	Low: 12.8	13.5	15.2	12.5	14.1	15.9	16.0	17.3	21.9	26.8	31.5	31.6			
TECHNICAL	3	Lowered 11/18/16	LEGENDS 1.30 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 4/03 2-for-1 split 5/05 3-for-2 split 9/14 Options: Yes Shaded area indicates recession										Target Price Range 2019 2020 2021				
BETA	.90	(1.00 = Market)															
2019-21 PROJECTIONS			Ann'l Total	Price	Gain	Return											
High	40	(-10%)															
Low	30	(-35%)															
Insider Decisions			J F M A M J J A S														
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Options	7	4	1	0	3	2	0	1	2								
to Sell	0	2	2	0	3	2	0	1	2								
Institutional Decisions			4Q2015	1Q2016	2Q2016												
to Buy	170	170	229														
to Sell	141	158	148														
Hlds(000)	133006	134051	135283														
				Percent shares traded	18	12	6										

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor's Workpapers of Bradley E. Lorton* has been served upon the following counsel of record in the captioned proceeding by electronic service on February 22, 2017.

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