



South Jersey Gas

Where we put all of our energy®

Samuel A. Pignatelli

Vice President,
Rates and Regulatory Affairs

April 29, 2010

Kristi Izzo, Secretary
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

**Re: Capital Investment Recovery Tracker (CIRT) Quarterly Report in
Compliance with the Board's Order in Docket No. GO09010051**

Dear Secretary Izzo:

On January 20, 2009 South Jersey Gas Company filed a petition for authority to implement a Capital Investment Recovery Tracker (CIRT) in accordance with the Governor's Economic Stimulus Program. On April 28, 2009 the Board approved the petition under Docket No. GO09010051.

Pursuant to the Board's Order, South Jersey is filing its CIRT Quarterly Report for period ending March 31, 2010. The report is comprised of the following three components:

- Summary of capital expenditures & job growth of each qualifying project
- Narrative describing each qualifying project
- Summary of actual and budgeted capital expenditures of non-qualifying projects

If you have any questions regarding the attached report please do not hesitate to contact me.

Very truly yours,



Samuel A. Pignatelli

SAP/caj/F92
Attachments

cc: V. Fortkiewicz J. May S. Iannaccone A. Reid
M. Beyer M. Stonack F. Thomas-Friel, Esq. E. Lihan

South Jersey Gas Company
Quarterly Report on Capital Expenditures and Job Creation Related to
Qualifying Projects
Quarter Ending March 2010

Accelerated Main Replacements

In 2010, we anticipate spending the remaining \$10,000,000 replacing 21 miles of main and 1,149 associated services. This will bring our total spending to \$26,000,000 replacing 71 miles of main and 1,925 services. Actual cost to date is \$19,455,698. Total jobs estimated to be created for the projects are 28; total jobs created to date are 28.

24" Malaga-Vineland Pipeline

Install 15 miles of 24 inch diameter gas transmission line from Malaga in Franklin Township to the east end of City of Vineland to improve delivery reliability.

We anticipate the total estimated cost for this project will be \$49,450,000. As of March 31, we have spent \$45,767,642 and have installed 14.7 miles of the transmission line. Total jobs to be created for this project were estimated at 44; total jobs created to date are 76.3. The anticipated completion date of 12/31/2009 has been extended to 04/30/2010 due to delays in permitting causing a later start date with shorter daylight hours to work along with wet weather conditions.

12" Rio Grande-Wildwood Pipeline

Replace 3 miles of 6" steel pipe with 12" steel pipe in Middle Township and City of Wildwood to improve delivery reliability. We anticipate the total estimated cost for this project will be \$4,000,000. As of March 31, we have spent \$3,824,070 and have installed 3.2 miles of steel pipe. Total jobs to be created for this project were estimated at 5; total jobs created to date are 9.1. The anticipated completed date of 12/31/2009 has been extended to 04/30/2010 due to wet weather conditions that slowed progress of contractor.

12" Atco-Stokes Road Pipeline

Replace 6 miles of 6" steel pipe with 12" steel pipe in Waterford and Shamong Townships to improve delivery reliability. We anticipate the total estimated cost for this project will be \$8,500,000. As of March 31, we have spent \$860,062. Total jobs to be created for this project were estimated at 10; total jobs created to date are 1.4. The anticipated completion date of 12/31/2009 has been extended to 09/30/2010 due to delays in obtaining permits.

24" Black Horse Pike – Delilah Road

Install 2.7 miles of 24 inch diameter gas transmission line from Black Horse Pike to Delilah Road in Egg Harbor Township to improve delivery reliability. We had anticipated the total estimated cost for this project will be \$7,500,000. As of March 31, we have spent \$750,741. Total jobs estimated to be created for this project are set at 8; total jobs created to date are 0.5. Originally the anticipated completion date was 07/31/2010 however at this time this project has been postponed to address projects of higher priority.

16" CMCH – Burleigh Pipeline

Install 3 miles of 16 inch diameter gas transmission line from Cape May Court House to Burleigh in Middle Township to improve delivery reliability. We anticipate the total estimated cost for this project will be \$7,500,000. As of March 31, we have spent \$729,138. Total jobs to be created for this project are estimated at 8; total jobs created to date are 1.0. The anticipated completion date of 06/30/2010 has been extended to 12/31/2010 due to securing an easement for Burleigh station.

Transmission Valve Upgrades

Replace gas transmission line valves with full open ball valves that allow pass thru of inspection tools on the 16" Woodbury pipeline throughout various municipalities from Deptford Township to the City of Pleasantville. This improves reliability by allowing the Company to more thoroughly inspect the pipeline and monitor and thus determine ways to improve its integrity. We anticipate the total estimated cost for this project will be \$1,800,000. As of March 31, we have spent \$1,490,000. Total jobs to be created for this project were estimated at 5; total jobs created to date are 5. The anticipated completion date of 12/31/2009 has been met and is now in-service; the remaining activities are limited to site restoration and clean up.

20" Union Rd.-Rt. 50 Upgrade

Increase operating pressure of 10 mile pipeline to increase flow capacity on 20" transmission pipeline from City of Vineland to Estell Manor Township to improve delivery reliability. We anticipate the total estimated cost for this project will be \$600,000. As of March 31, we have spent \$382,000. Total jobs to be created for this project were estimated at 2; total jobs created to date are 2. An in-line inspection assessment of the existing 20" pipeline will be performed during the second quarter of 2010 which was contingent upon the completion of the 24" Malaga-Vineland pipeline.

Swedesboro Station Upgrades

Reconfigure piping and valves at Swedesboro Station in Woolwich Township to improve operational flexibility to obtain gas supply from different pipeline suppliers. This will improve reliability of gas supply into the Company's service territory. We anticipate the total estimated cost for this project will be \$800,000. As of March 31, we have spent \$375,000. Total jobs to be created for this project were estimated at 2; total jobs created to date are 2. Construction began in early October, and the anticipated completion date of 07/31/2009 has been extended to 5/31/2010 due to equipment lead times.

Install H-6 LNG Vaporizer

Installation of new vaporizer to improve peak shaving gas supply reliability at McKee City Liquefied Natural Gas (LNG) Plant in Hamilton and Egg Harbor Townships. We anticipate the total estimated cost for this project will be \$4,500,000. As of March 31, we have spent \$620,000 for this job. Total jobs to be created for this project were estimated at 11; total jobs created to date are 2. This project was originally scheduled to be In-Service by 09/30/2010; this schedule has been revised to 12/31/2010 due to permitting requirements

LNG Plant Generator Install

Install back-up electric generator which allows facility to operate without outside electric supply at McKee City Liquefied Natural Gas (LNG) Plant in Hamilton and Egg Harbor Townships. This will improve reliability of peak shaving gas supply. The anticipated cost for this project has been increased from \$1.8 million to \$2.1 million. As of March 31, we have spent \$1,988,000. Total jobs to be created for this project were estimated at 4; total jobs created to date are 4. This project was completed and put in service as of 12/31/2009, 15 days earlier than scheduled.

South Jersey Gas Company

Quarterly Report on Capital Expenditures and Job Creation Related to Qualifying Projects

Proposed Infrastructure Project (a)	Project Type (b)	Estimated Quantity (c)	Major Tasks (d)	Tasks Completed To Date (e)	Quantity Completed To Date (f)	Percent of Quantity/Tasks Completed To Date (g)	Total Estimated Cost (h)	Actual Cost To Date (i)	Percent of Cost To Date (j)	Project Completion Date (k)	Total Jobs To Be Created (l)	Jobs Created To Date (m) (FTE)
Accelerated Main Replacements	Renewal Main	553,687	Engineering Permitting	Various	299,103	Various	\$26,000,000	\$19,455,698	74.8%	Various	28	28.0
24" Malaga-Vineyard Pipeline	Pipeline	15 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	77,616	100% 100% 100% 99% 99%	\$4,823,660 \$1,721,697 \$12,332,522 \$23,622,557 \$3,267,206 \$49,450,000	\$4,823,660 \$1,721,697 \$12,332,522 \$23,622,557 \$3,267,206		4/30/2010	44	76.3
12" Rio Grande-Widewood Pipeline	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	16,895	100% 100% 100% 99% 99%	\$145,228 \$4,355 \$1,254,565 \$2,116,880 \$295,062 \$4,000,000	\$145,228 \$4,355 \$1,254,565 \$2,116,880 \$295,062 \$3,824,070	95.60%	4/30/2010	5	9.1
12" Atco-Stokes Rd Pipeline	Pipeline	6 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	0	90% 50% 80% 0% 10%	\$140,076 \$24,138 \$617,338 \$0 \$78,509 \$850,062	\$140,076 \$24,138 \$617,338 \$0 \$78,509 \$850,062	10.12%	9/30/2010	10	1.4
1200 - BHP to DeLaha Road - Fire Rd 2A*	Pipeline	2.7 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	0	80% 25% 80% 0% 10%	\$93,555 \$10,900 \$501,513 \$0 \$44,773 \$750,741	\$93,555 \$10,900 \$501,513 \$0 \$44,773 \$750,741			8	0.5
0989 - CMCH to Bueligh	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	0	80% 50% 75% 0% 8%	\$175,865 \$11,979 \$496,462 \$0 \$44,831 \$729,138	\$175,865 \$11,979 \$496,462 \$0 \$44,831 \$729,138	9.72%	12/31/2010	8	1
Transmission Valve Upgrade	Facility	1	Design Matl Procurement Construction TOTAL	Yes Yes	0	100% 100% 100%	\$1,800,000	\$1,430,000	83%	12/31/2009	5	5
20" Pipeline, Union Rd to Rt 50 Upgrade	Pipeline	1	Design Matl Procurement Construction TOTAL	Yes Yes	0	100% 100% 80%	\$500,000	\$382,000	64%	12/31/2010	2	2
Swedesboro Station Upgrades	Facility	1	Design Matl Procurement Construction TOTAL	Yes Yes	0	100% 100% 90%	\$800,000	\$375,000	47%	5/31/2010	2	2
Install new H-6 LNG vaporizer	Facility	1	Design Matl Procurement Construction TOTAL	Yes Yes	0	85% 30% 0%	\$4,500,000	\$620,000	14%	12/31/2010	11	2
LNG Plant Generators Install	Facility	1	Design Matl Procurement Construction TOTAL	Yes Yes	0	100% 100%	\$2,100,000	\$1,988,000	95%	12/31/2009	4	4
							\$105,250,000	\$76,242,351			127	131.3

Notes: 1. For column e & d-if the project cannot be quantified with numbers then it should be broken down into major tasks to be completed, e.g. design phase, material procurement, permit gathering, phases of construction etc.
2. For column m & o the amounts includes only normal spending for the budget year and do not include any spending associated with the qualified projects in Exhibit A.
3. In lieu of a Gantt Chart, South Jersey Gas Company will provide the information required in this Appendix F.
4. Columns (l) thru (o) are included on Appendix F, page 2 of 2.

South Jersey Gas Company
2010 Capital Spending Summary
(Not Related To CIRT Projects)

	Budgeted Spending For The <u>Budget Year</u>	Traditional Budget Actual Spending For The <u>Budget Year</u>	Budgeted Spending For The <u>Quarter</u>	Actual Spending For The <u>Quarter</u>
<u>2010 Capital Program</u>				
Blankets	\$27,573	\$4,976	\$6,029	\$4,976
Specials	\$11,136	\$1,855	\$3,547	\$1,855
Total Without New Business	\$38,709	\$6,831	\$9,576	\$6,831
 <u>New Business</u>				
Blankets	\$24,150	\$6,086	\$5,599	\$6,086
Specials	\$20	(\$10)	\$1	(\$10)
Total New Business	\$24,170	\$6,076	\$5,600	\$6,076