



South Jersey Gas

Where we put all of our energy®

Samuel A. Pignatelli

Vice President,
Rates and Regulatory Affairs

July 31, 2009

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:

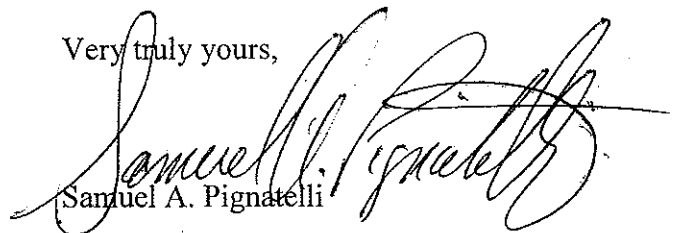
On January 20, 2009 South Jersey Gas Company filed a petition for authority to implement a Capital Investment Recovery Tracker (CIRT) in accordance with the Governor's Economic Stimulus Program. On April 28, 2009 the Board approved the petition under Docket No. GO09010051.

Pursuant to the Board's Order, South Jersey is filing its first CIRT Quarterly Report for period ending June 30, 2009. 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
M. Beyer

J. May
M. Stonack

S. Iannaccone
F. Thomas-Friel, Esq.

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	196,755	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	5,652	Various	\$12,997,000	\$273,300	2.1%	Various	14	2
Malaga-Vineland Pipeline	Pipeline	76,900'	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		0'	95% 80% 90% 0%	\$2,407,646 \$24,099 \$9,808,635 \$0 \$1,587,796 \$13,828,176			12/31/2009	44	1.4
Rio Grande-Wildwood Pipeline	Pipeline	15,800'	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		0'	98% 0% 0% 0%	\$20,450 \$0 \$0 \$0 \$3,114 \$23,564		0.59%	12/31/2009	5	0
Atco-Stokes Rd Pipeline	Pipeline	31,700'	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		0'	30% 0% 0% 0%	\$68,406 \$0 \$0 \$0 \$7,525 \$75,931		0.89%	12/31/2009	10	0.5
Transmission Valve Upgrade	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0'	100% 100% 0%	\$1,800,000 \$172,400 \$0 \$172,400		10%	12/31/2009	5	0.1
3 Plant Generators Install	Facility	1	Design Mat'l Procurement Construction TOTAL		0'	30% 30% 0%	\$2,100,000 \$16,100 \$0 \$16,100		1%	11/5/2010	4	0.1
Pipeline, Union Rd to Rt 50 Upgrade	Pipeline	1	Design Mat'l Procurement Construction TOTAL		0'	75% 75% 0%	\$600,000 \$0 \$0 \$0		0%	11/30/2009	2	0
Madisonboro Station Upgrades	Facility	1	Design Mat'l Procurement Construction TOTAL		0'	50% 0% 0%	\$800,000 \$0 \$0 \$0		0%	12/31/2009	2	0
							\$70,797,000	\$14,369,471			86	4.1

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 n & 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 (n) thru (q) are included on Appendix F, page 2 of 2.

South Jersey Gas Company
2009 Capital Spending Summary
(Not Related To CIRT Projects)

	Budgeted Spending For The <u>Budget Year</u>	Traditional Actual Spending For The <u>Budget Year</u>	Budgeted Spending For The <u>Quarter</u>	Actual Spending For The <u>Quarter</u>
<u>2009 Capital Program</u>				
Blankets	\$28,120	\$14,854	\$4,899	\$7,940
Specials	\$5,262	\$3,200	\$1,799	\$2,094
Total Without New Business	\$33,382	\$18,054	\$6,698	\$10,034
 <u>New Business</u>				
Blankets	\$18,226	\$10,582	\$6,532	\$5,431
Specials	\$1,751	\$1,043	\$175	\$807
Total New Business	\$19,977	\$11,625	\$6,707	\$6,238

South Jersey Gas Company
Quarterly Report on Capital Expenditures and Job Creation Related to
Qualifying Projects
Quarter Ending June 2009

Accelerated Main Replacements

The original filing included the replacement of 42 miles of bare steel main and 2200 associated services in 2009. Upon further review, the allocation of bare steel replacement projects between 2009 and 2010 was modified in order to allow for 2009 projects to be completed in a more efficient and timely manner. This change resulted in a reduction in 2009 from 42 miles to 37 miles and a reduction from 2200 associated services to 542 associated services. The 2009 projects not completed this year will be moved to the 2010 CIRT project list for bare steel replacements.

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 \$40,000,000. As of June 30, we have spent \$13,828,176. Total jobs to be created for this project are set at 44; total jobs created to date are 1.4. This project is on track to meet In-Service date of 12/31/2009, as originally submitted.

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 June 30, we have spent \$23,564. Total jobs to be created for this project are set at 5; total jobs created to date are 0. This project is on track to meet In-Service date of 12/31/2009, as originally submitted.

10" Atco-Stokes Road Pipeline

Replace 6 miles of 6" steel pipe with 10" 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 June 30, we have spent \$75,931. Total jobs to be created for this project are set at 10; total jobs created to date are 0.5. This project is on track to meet In-Service date of 12/31/2009, as originally submitted.

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 West Deptford 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 June 30, we have spent \$172,400. Total jobs to be created for this project are set at 5; total jobs created to date are 0.1. Construction on this project is ongoing; the anticipated completion date of September 30, 2009 has been extended to December 31, 2009 due to delays in receiving materials and permits.

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 June 30, we have spent \$16,100. Total jobs to be created for this project are set at 4; total jobs created to date are 0.1. Design is nearing completion, long lead materials have been ordered, and construction is anticipated to begin in September. The anticipated completion date of September 30, 2009 has been extended to January 15, 2010 due to equipment lead times.

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 June 30, we have not incurred any costs for this job. Total jobs to be created for this project are set at 2; total jobs created to date are 0. Construction is anticipated to begin in early September, with completion projected for November as originally submitted.

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 June 30, we have not incurred any costs for this job. Total jobs to be created for this project are set at 2; total jobs created to date are 0. Construction is anticipated to begin in early October. The anticipated completion date of July 31, 2009 has been extended to December 31, 2009 due to equipment lead times.