I. Introduction

My name is Robert F. Fatzinger, and my business address is 1 South Jersey Plaza, Folsom, New Jersey 08037. I am Senior Vice President, Engineering Services & System Integrity for South Jersey Gas Company (“South Jersey” or the “Company”). In this position, I am responsible for providing leadership and strategic direction for the Company’s engineering, pipeline, gas supply and allocations functions.

I am a 1981 graduate of Lehigh University with a Bachelor of Science degree in Electrical Engineering. I have been employed by South Jersey Industries (“SJI”) since March 2001 and have held various management positions of increasing responsibility in the regulated and non-regulated areas of the corporation. These positions have included Director – Appliance Warranty Programs (SJG) from March 2001 – June 2003, Vice President South Jersey Energy Service Plus from June 2003 – December 2005, and VP/COO South Jersey Energy Service Plus and Vice President South Jersey Energy Solutions from January 2006 – April 2007. In April 2007 I was elected Vice President of Gas Delivery for South Jersey Gas and in July 2007 I became Vice President, Customer & Distribution Operations. On January 1, 2013, I was promoted to Senior Vice President, Customer & Distribution Operations and on August 1, 2013, I assumed my current position.

I am a member of the American Gas Association (AGA) and the Northeast Gas Association, and currently serve on the Operations Managing Committees of both organizations.
I am a Board member of the New Jersey Clean Cities Coalition, and I have participated as a member of the New Jersey Energy Master Plan Working Group dealing with Alternate Fueled Vehicles. I am also currently a member of the Steering Committee overseeing the revision of the American Gas Foundation’s Fueling the Future study.

Prior to working at South Jersey Industries, I was employed by Atlantic Electric (and later Conectiv) from June 1981 through February 2001. I held a number of engineering, operations and management positions with those companies, including Staff Distribution Engineer, Field Operations Engineer, District Supervisor, Manager – Operations, Manager – Power Delivery, Manager – Process Improvement (Conectiv Services) and Corporate Safety Manager.

II. Purpose of Testimony

My testimony in this case will address the Company’s implementation of a new Customer Care and Billing System (“CC&B”) and Enterprise Work and Asset Management System (“EWAMS”). I will also discuss the Company’s activities to comply with the transmission Pipeline Integrity Management regulations (“PIM”) as well as its Distribution Integrity Management Program (“DIMP”). As referenced in the testimony of SJG President Jeffrey E. Dubois, I will discuss the Company’s initiatives in support of Governor Christie’s 2011 Energy Master Plan (“EMP”) with regard to the promotion of Compressed Natural Gas (“CNG”) Vehicles. I will address the post-test year Transmission and Production capital expenditures that South Jersey is proposing to include in rate base, including the 22-mile transmission pipeline the Company will be constructing to provide system reinforcements and redundancy for the Company’s Cape May and Atlantic County customers and serve the B.L.
England electric generating facility. Finally, I will address the Company’s plan to construct a natural gas Liquefaction System at its McKee City facility.

III. Customer Care and Billing System

South Jersey currently has in place a legacy, mainframe-based Customer Information System (“CIS”). This system, which was developed and modified numerous times in-house, is over 30 years old. Although the system has served South Jersey and its customers well during this time, a number of risks and business challenges were identified that led the Company to evaluate the system’s capability to meet its business needs into the future. These risks and business challenges include the following:

- The current system is a very complex, inflexible mainframe-based system built with antiquated code. The most basic changes are labor intensive and costly to implement.
- Limited customer self-service capabilities are available with the current system.
- The current system is premises-based, rather than customer-based, making it extremely difficult to effectively provide continuity of service to our customers as they move within our territory.
- Navigation through the system by Customer Service Representatives is time consuming, often requiring toggling between five or more screens to answer customer questions.
- Processes are manual and paper intensive, making it difficult to analyze information and ensure customer follow-up.
- There are significant billing limitations, including limitations on the ability to implement consolidated billing and to modify customer payment arrangements.
➤ Reports are hard coded into the system, making it difficult and expensive to gather and analyze information.

➤ There is limited SJG-specific intellectual expertise regarding the system.

In 2010, South Jersey contracted with AAC Utility Partners to lead a project team tasked with evaluating the Company’s options for replacing the legacy CIS. During this process, over 3,100 business requirements were identified as necessary for a modern CIS. Additionally, Applied Energy Group (“AEG”) was retained to perform a Risk Assessment regarding the existing CIS system. The primary objective of this study was to assess the risk of continued operation of the current CIS system. This assessment concluded that there were a number of high-risk areas, including the following.

➤ Billing: Significant manual effort is required for billing of critical accounts, including large accounts (“LABS”), Marketer Accounts, Combined Accounts, and Low Income Billing. It is difficult to install new rates, and the system does not facilitate the billing investigation process.

➤ System development/modification: A combination of outdated tool sets, languages, platform and single resource subject expertise results in high risk.

➤ Source code: System source code is not managed in a source code management system and is not well documented.

➤ System documentation: Lack of system documentation poses significant risk, especially with lost institutional knowledge.

The overall conclusion of the study was that, although the current CIS system was not in imminent danger of collapse, it was approaching a ‘cliff’, at which time replacement would result in significant additional risk and potentially significant additional cost. The
recommendation made by AEG was to replace the system starting immediately for a number of reasons - an excellent system development and implementation team was already in place, system requirements were developed and were current, and experienced employees were still available to work on the project and transfer knowledge to newer, less experienced employees. The new CIS would also facilitate several key improvement opportunities including improved Customer Service Representative productivity, improved reporting and analytics capability, arrearage reduction capability, and the ability to implement additional customer interfacing programs.

Based on the results of the risk assessment, the identified business requirements and the strategic needs of the business, the project team was directed to determine the most suitable replacement system for the Company. At the conclusion of a comprehensive system and vendor selection process, Oracle’s Customer Care & Billing (CC&B) system was recommended to replace the existing CIS, with Price Waterhouse Coopers selected as the implementation vendor. Additionally, AAC Utility Partners was selected to provide project management on behalf of the Company. After weighing the expected benefits of a new CIS system against the risk of waiting to implement the system, in November 2011 senior management approved funding to replace the existing CIS system. The overall estimated cost for this project is approximately $30 million.

The benefits of implementing the Oracle CC&B system include the following:

- Web-Based Customer Self Service, which includes the ability to link multiple accounts under one user ID, to provide enhanced options for customer bill payment, to implement flexible budget payment plans, to allow customers to view prior bill information and financial history, and to manage account information.
 ➢ Enhanced Electronic Data Interchange (“EDI”) capability to accommodate new transactions, commercial purchase of receivables, and municipal aggregation.

 ➢ Robust reporting and analysis capability, including Business Intelligence Dashboards that provide real-time analytics.

 ➢ Enhanced collection flexibility, including accurate payment arrangements displayed on the customer’s bill.

 ➢ Real-time payment application for payments taken in the field or at SJG payment locations.

 ➢ Improved first call resolution.

 ➢ Ability to offer enhanced on-bill financing.

 ➢ Reduced time for off the phone duties by Customer Service Representatives.

The CIS replacement project kicked off in the fourth quarter of 2012, with a project team consisting of approximately 50 company and contractor resources. Since then, the project has progressed on budget and on schedule, with a go-live date planned for mid-2014.

IV. Enterprise Work and Asset Management System

South Jersey recently embarked on a strategy to improve and modernize the operation of the business. This strategy consisted of three primary components: (1) Reorganizing the engineering and operations functions to allow for more effective management of the business by standardizing processes across the company, moving from a geographic-based to a function-based structure where appropriate, and moving distribution system design work from operations to engineering; (2) Enhancing the flexibility of the workforce through labor negotiations that eliminated geographic boundaries for work assignments, established job families to improve job flexibility, and established job site reporting where appropriate; and (3) Implementing
technology to support the needs of the business by enhancing utilization of the Geographic
Information System ("GIS"), integrating disparate information systems, and implementing a
company-wide information system to manage work and assets.

It is this identified need for supporting technology that led to the development of the
Company’s Enterprise Work and Asset Management System ("EWAMS"). The Company’s
current operations systems are mainly manual, de-centralized and non-integrated, making it
difficult to meet our current and evolving business requirements. With the exception of a
mainframe-based dispatch system, which was implemented in the early 1990’s, the Company’s
processes for new business, utility service and compliance have relied mainly on paper flow
across multiple departments. Over time, various spreadsheets and ‘stand alone’ applications
were developed to provide limited ability to gather and report information from across the
Company, but they did not address evolving business challenges, which included the following.

➢ Planning and Prioritizing Work: With a paper-based system and independent computer
applications, it is difficult to identify, plan and prioritize all of the work that exists
across the Company. Work is planned and implemented locally based on local
priorities, with limited ability to consider cross-division priorities. This inability to
prioritize work Company-wide also impacts our contractors, who often work across
divisions. As the Company’s workload increases, the ability to plan and prioritize
work across the company becomes even more important.

➢ “Islands of Information”: Local spreadsheets and other stand-alone applications can
result in inconsistency of data, difficulty in measuring and improving performance
levels, and delays in reporting information needed for decision making. Lack of an
integrated, company-wide work and asset management system also results in redundant
data entry and inefficient work processes. Additionally, as the Company moves to integrate data from its various systems for sales, customer service, GIS, operations and accounting, the lack of an information system that can provide data regarding work performed and the pipeline assets of the Company becomes a significant strategic weakness.

- **Loss of Institutional Knowledge:** With the aging of the utility workforce, there is a need to more fully document procedures and special situations, as well as to capture and share knowledge across a broader population of employees. This has become even more important as we have increased the flexibility of the workforce to work across the Company.

- **Integrity Management:** The implementation of transmission and distribution integrity management regulations by the federal government and the BPU has created the need for the Company to more fully understand its gas system, identify the most significant risks to the system, develop and implement plans that mitigate these risks, measure performance and continuously improve system performance. To fully comply with these new regulations, the Company needs an integrated, flexible system that captures the data needed to allow for effective, data-driven decision-making.

- **Accelerated Infrastructure Replacement Program:** With the advent of the Company’s accelerated infrastructure replacement programs, which began in 2009, the Company’s annual capital expenditures have increased significantly. The resulting increase in work has placed a great stress on the Company’s paper-based work order system, highlighting the need for a system that can be used to manage work and the Company’s assets more effectively.
EWAMS is designed to provide an effective solution to these business challenges. The core of this system is the IBM Maximo software package, which provides robust work and asset management functionality. This system has been integrated with a number of other Company systems, including the GIS system, as well as the plant accounting, accounts payable, sales tracking, and customer information systems. With the implementation of the utility service portion of EWAMS in 2014, the system will also be integrated with a new Oracle scheduling system. These integrations allow for the streamlining of processes and the elimination of paper forms, and are in support of the Company’s overall Information Technology Strategy.

When fully implemented, EWAMS will be used and benefit nearly every area of the business, including the following:

- Customer & Distribution Operations
  - Street Department
  - Construction Department
  - Utility Department
  - Divisional Back Office & Clerical Support
- Customer Care Center
- Engineering
  - New Business Design
  - Engineering
  - Permitting
- Pipeline Department
- Energy Efficiency Education and Consulting
  - Sales personnel
With the implementation of EWAMS, the Company and our customers will see significant benefits, including the following.

- Eliminating a significant number of stand-alone systems and resulting in over 160 process improvements. It has been estimated that implementation of the system will eliminate over 2 million pieces of paper annually.

- Providing Company management with a tool to more effectively plan, prioritize, schedule and complete all work associated with the construction, operation and maintenance of the gas transmission and distribution system.

- Streamlining existing processes and integrating the resulting data into a comprehensive system that is integrated with other electronic systems (e.g., Powerplant, Customer Information System, GIS, Sales Tracking, etc.).

- Providing information that will be used by management to analyze and improve operational performance.

- Providing a robust link to the Company’s GIS system, which will be utilized to more effectively manage the Company’s gas pipeline assets.

- Providing the capability to capture Asset Management data, which will be utilized to fulfill the continuous improvement requirement of the Company’s Distribution Integrity Management Program (DIMP).

- Allow for work to be assigned and completed via computers in the vehicles of Company street crews and utility service workers.

- Providing a platform for future enhancements, including material traceability and field
construction order sketching.

- Enhancing the Company’s ability to meet customer service call commitment dates, enhancing customer satisfaction. The scheduling software in the new system will enable the Company to meet a greater percentage of service call commitments and will allow for reductions in the time window provided for appointments.

- Allowing for more efficient workforce utilization, including travel time reductions resulting from optimized service call routing.

- Allowing for the capture of asset-specific information, which will be used as part of the Company’s knowledge retention plan.

EWAMS is being implemented in two phases. The first phase includes the development and implementation of a work and asset management system with robust linkages to associated Company systems for use by all departments except the Utility Service department. This phase of the system was installed in one of the Company’s five operating divisions during 2013 to allow for “live” testing of the system. The rollout to all divisions, including the pipeline department, is expected to be completed by mid-2014. The second phase of the project includes the development and implementation of a scheduling system and linkages to our new Customer Information System for use in the dispatching and completion of all Utility Service related work. Phase two of the system will be rolled out in conjunction with the implementation of the Company’s new Customer Care & Billing System in mid-2014. The total estimated cost of the EWAMS project is anticipated to be $30 million.

In summary, when fully implemented, EWAMS will provide the Company with the information needed to manage our business in a centralized, fully integrated way and to achieve improved performance in customer service, system integrity, business efficiency and financial
controls while providing enhanced visibility to corporate operations. It will also enable the
changes in organizational structure and our collective bargaining agreements to be fully
implemented, with the ultimate result being the ability of the Company to continue providing
safe, reliable, cost effective service to our increasing customer base well into the future.

V. Pipeline Integrity Management and Distribution Integrity Management Programs

South Jersey has maintained compliance with the Federal pipeline safety regulations on
pipeline integrity as found at 49 CFR 192 - Subpart O since these regulations went into effect in
December of 2003. Achieving compliance with the regulations required the development and
subsequent implementation of an integrity management program for the specific transmission
pipelines covered under this part. As of December 31, 2012, South Jersey operates 122 miles of
transmission pipeline which are subject to the Pipeline Integrity Management (PIM) regulations.

This detailed and comprehensive South Jersey program includes:

• an ongoing identification of “high consequence areas” to delineate covered pipeline
  segments;
• the development of a baseline assessment and reassessment plan;
• data integration and risk assessment to determine the how to address each covered
  pipeline segment; and
• the selection and implementation of a baseline integrity assessment technique which
  addresses the specific risks associated with each covered pipeline segment.

South Jersey successfully met the December 17, 2012, regulatory deadline established for the
completion of the initial baseline integrity assessments of its covered facilities. Additionally,
some of these facilities have been reassessed ahead of the 7 year federal requirement at the
request of the NJ BPU Bureau of Pipeline Safety.
On December 4, 2009, the Department of Transportation–Pipeline and Hazardous Materials Safety Administration (PHMSA) published the final rule on Integrity Management for Gas Distribution Pipelines, which is applicable to gas distribution operators such as South Jersey, which became effective February 2, 2010. The compliance deadline for each operator to develop a written DIMP plan was August 2, 2011. South Jersey Gas complied with this requirement.

Each operator’s DIMP plan was required to be comprehensive, system specific, and must include, among other elements:

- knowledge of the overall gas distribution system;
- identification of system specific concerns;
- evaluation and ranking of the system concerns by geographic areas or distribution sections;
- identification of steps to address any identified concerns;
- measurement, monitoring and evaluation of the DIMP through mandated metrics tracking;
- periodic evaluation of the DIMP; and
- annual performance measures reporting and filing.

The Company has incurred both capital upgrade expenditures and incremental operating and maintenance (O&M) expenses associated with complying with the transmission and distribution pipeline integrity management regulations. The capital upgrades have included expenditures associated with physical piping replacements, valve change outs, and station piping retrofits to accommodate in-line inspection tools. The incremental O&M expenses have included expenditures such as the consulting and inspection fees associated with running the in-line inspection tools, and the costs of performing confirmatory field excavations on the pipe to remediate or repair any identified anomalies. The additional capital expenditures have been
absorbed by the Company in its annual capital construction budget each year as incurred. The incremental O&M expenses associated with complying with the pipeline integrity management regulations have been treated as a deferred expense. As of September 30, 2013, these deferred expenses totaled $1,763,973 for transmission integrity management activities, and $591,360 for distribution integrity management activities. As more pipeline segments have integrity assessments performed, these costs will continue to accrue, and their magnitude will be directly related to the findings associated with the results of each assessment.

VI. Company Initiatives Regarding CNG Vehicles and Stations

For the first time ever, the New Jersey Energy Master Plan (EMP) includes the use of alternate fueled vehicles as one of the strategies recommended to achieve the energy and environmental goals of the State. Although the plan discusses a broad mix of fuels that should be considered, it concludes that “At this time electricity and natural gas are the best alternative fuels for passenger vehicles, urban delivery vehicles, and medium to heavy-duty vehicles that currently run on diesel fuel.” The EMP also states that “New Jersey’s gas utilities should provide guidance on the construction, operation and maintenance of CNG fueling stations for business fleets.”

The advantages of natural gas as a transportation fuel include its domestic availability, widespread distribution infrastructure, low cost compared with gasoline and diesel, clean burning qualities and its ability to power most classes of vehicles. A natural gas vehicle (NGV) emits approximately 50% less carbon dioxide, 50% less nitrous oxides, 90% less carbon monoxide and 90% fewer particulates as compared to diesel fuel.

In late 2009, South Jersey Gas began exploring the benefits of CNG as a transportation fuel for its own fleet, as well as for third party users. Although the use of CNG had been
explored previously, recent advancements in engine and tank technology, the reduced cost of natural gas as compared to oil and diesel fuels, increased regulation regarding vehicle emissions and the construction of several CNG fueling stations in Atlantic County funded through a grant from the Department of Energy made the technology more feasible in South Jersey.

In 2010, based on an analysis of the market for CNG vehicles and the potential benefit to South Jersey’s customers, the Company decided to move forward with a plan to convert its fleet of approximately 200 vehicles to CNG over a 10 year period. The current fleet will be replaced with CNG vehicles during their normal vehicle replacement cycle. Additionally, in order to support the fueling needs of the South Jersey fleet, it was decided that we would construct a series of CNG fueling stations located in areas of our territory that would allow for the efficient use of our CNG fleet. It was further decided that the fueling stations would be constructed to allow public fueling access, facilitating the growth of CNG vehicle use in our service area and supporting increased use in the broader region.

By the end of 2013, South Jersey expects to have 50 CNG vehicles operating in its fleet. These vehicles range from passenger vehicles to service and street vehicles to vans utilized by our field construction inspectors. Cumulatively, using CNG to fuel these vehicles has already saved over $330 thousand in fuel costs. We have two public access CNG fueling stations in operation, one in Glassboro at the site of our Glassboro Division Office and one in Millville at the site of our Cumberland Division Office. We are also in the process of constructing a public access station in Lindenwold, which will provide a fueling point for our vehicles as well as provide ‘behind the fence’ fueling capability for a trucking company that is converting its fleet to CNG. Over the next 3 years, we expect to construct an additional 5 public access stations, primarily to support the operational needs of our growing CNG fleet.
Usage of the CNG stations in South Jersey’s franchise area has increased significantly since the stations opened. For the year 2012, 569,000 Gasoline Gallon Equivalents ("GGE") were dispensed from these stations, including South Jersey’s Glassboro Station, while for the year 2013 we anticipate that 1.03 million GGE will be dispensed from all stations. Additionally, a number of commercial and municipal customers have inquired about the potential of converting their vehicles to CNG and utilizing the existing fueling stations in our service area or constructing new stations. We expect that the use of South Jersey’s fueling stations will increase considerably as the Company, along with other utilities and third party providers in the region, build a sufficient number of stations to support the fueling needs of our customers and others travelling through the region.

VII. Post-Test Year Construction

South Jersey is proposing to include in rate base, capital expenditures associated with post-test year construction projects which are known and measurable, consistent with Board precedent, including *In Re Elizabethtown Water Company Rate Case*, BPU Docket No. WR8504330 (May 23, 1985). Mr. Zuccarino has testified as to post-test year plant which is not related to Transmission and Production facilities. My testimony and schedule relates to post-test year Transmission and Production Plant. The proposed post-test year capital expenditures identified in Schedule RFF-1 are each “prudent and major in nature and consequence” and therefore should be included in rate base. These projects represent significant investments South Jersey is making, which constitute major infrastructure replacement, improvement or system expansion upgrades. These projects include:

- Significant replacement upgrades to existing utility plant facilities:
  - Reconstruct District Regulator Stations
Significant improvement upgrades to existing utility plant facilities:

- Woodbury Lateral Modifications
- Recoil McKee City LNG Tank
- Install Scrubber & Heater at Swedesboro Station
- Boil Off Compressor
- Additional SCADA Monitoring Points

And significant new facility or system expansion upgrades:

- Cumberland to Tuckahoe Pipeline & Station (“Reliability Line”, discussed further in Section VIII. below)
- Tuckahoe to BL England Pipeline & Station (B.L. England “Dedicated Line”, discussed further in Section VIII. below)
- Farm Tap Elimination
- Hardingville Station, Separator & Heater
- Taj Mahal Meter Set
- Progresso Meter Set

The post-test year adjustment in the initial filing is based upon a projection of capital expenditures to be made by the Company during the period July 1, 2014 through December 31, 2014. These expenditures, summarized in Schedule RFF-1, were projected in the Company’s budget process. I am using the amount of $47 million contained in Schedule RFF-1 as a surrogate for the actual adjustment. More precise numbers will be provided in conjunction with the 12-month update, as we get closer to the construction dates.

As described below, each of these projects are “prudent and major in nature and consequence.” Additionally, each of them will allow South Jersey to continue to render safe, adequate, and proper service. Investment in each of these projects is therefore, prudent.

Moreover, the cost for each project is reasonable. South Jersey’s estimated costs for these
projects have been determined using engineering design and costing methods. These estimated project costs serve as the basis for the capital expenditures projected to be made by the Company during the post-test year period. These estimates of capital expenditures were prepared for the Company’s annual budget process and are currently approved by the Company’s Board of Directors.

Moreover, South Jersey engages in negotiating and bidding procedures which ensure that our construction costs are kept to a minimum, consistent with generally accepted engineering and construction practices. Under certain circumstances, South Jersey solicits bids from prospective contractors on a specific project scope basis. In other circumstances, the Company solicits proposals on a blanket contract basis. In this way, South Jersey retains the contracting flexibility needed to optimize the expenditure of capital dollars while maintaining control of the project construction timeframe requirements.

Schedule RFF-1 details the post-test year project costs that I am using for filing purposes. The post-test year construction yields an adjustment of $47 million, which is reflected as a pro forma adjustment in Schedule SRC-2 of Mr. Cocchi’s testimony. The Company’s recovery of a return on and a return of these post-test year investments is well justified. South Jersey has planned significant capital investments which are known and measurable, and major in nature and consequence.

VIII. Transmission Pipeline Project For System Reliability and to Serve the B.L. England Generating Station

Two of the projects that I have identified above and on Schedule RFF-1 as significant post-test year plant additions are the “Cumberland to Tuckahoe Pipeline & Station” and the “Tuckahoe to B.L. England Pipeline & Station”. Collectively, these projects make up the 22-
mile transmission pipeline that South Jersey intends to construct to provide system reliability and redundancy to customers in Atlantic and Cape May Counties, as well as to serve the B.L. England electric generating station (“B.L. England”) in Beesley’s Point, New Jersey. The 14-mile portion of the pipeline that will run from Union Road and Rt. 49 in Cumberland County to a new interconnection point with South Jersey’s existing system in Tuckahoe, New Jersey is commonly referred to as the “Reliability Line” and the 8-mile portion of the pipeline that will run from Tuckahoe to the B.L. England facility is commonly referred to as the “Dedicated Line.”

A. Reliability Line for System Reliability and Redundancy

Planning studies have indicated that a significant portion of South Jersey’s gas system is vulnerable to a single contingency failure of the 20” pipeline that is the only major feed into the eastern and southern parts of our territory. However, South Jersey’s system was previously unable to support a system improvement that would eliminate this risk of a single contingency failure. In recent years, South Jersey has taken a number of critical and prudent steps towards improving its transmission system that now allow for the construction of the Reliability Line. For example, in 2010 South Jersey completed construction of a 15 mile, 24” diameter pipeline from its Malaga Station to its Union Road Station. This improvement has been vital to the reliability and reinforcement of South Jersey’s system, but has not relieved the concern over a single contingency failure related to customers in Atlantic and Cape May Counties.

Construction of the Reliability Line will provide the significant upgrade to South Jersey’s transmission system that is necessary to improve reliability to large portions of the Company’s territory in Cape May and Atlantic Counties. The gas supply to the existing (more than 60,000) residential and commercial customers of Cape May County is presently provided through over 20 miles of single-feed 20” and 16” diameter pipeline installed in various segments between
1977 and 2005. This pipeline section contains pipe installed across private properties in an
easement, along with pipe installed within the public right-of-way of NJ Route 50, and also
includes a critical crossing of the Tuckahoe River separating Atlantic & Cape May Counties,
installed in 1997. Should there be a system upset condition anywhere along this 20 mile long
section of transmission pipeline supply feed, it could jeopardize service to potentially all of these
downstream customers. If the system upset condition were to occur on the east-west segment of
the 20” transmission pipeline supplying Cape May County, such as between Union Road and NJ
Route 50 it could potentially affect approximately 142,000 customers in both Cape May and
Atlantic Counties. If such a service interruption were to occur, these customers could be out of
service for months, possibly during the winter heating season, while South Jersey restored
service to all affected customers.

The solution to this potentially catastrophic problem is to provide a secondary
transmission pipeline supply to the affected areas through looping. South Jersey is therefore
proposing to construct this new 24” diameter Reliability Line, totaling approximately 14 miles in
length, which would interconnect with the existing SJG transmission system currently supplying
all customers within Cape May County, and which would be further extended for 8 miles to
supply natural gas transportation service to the B.L. England power plant in Beesley’s Point.

**B. Dedicated Line to B.L. England**

In light of B.L. England’s decision to repower with natural gas, South Jersey must
construct the necessary infrastructure required to serve the plant. Construction of the Reliability
Line presents a unique opportunity for South Jersey to serve this need and support the goals of
the Energy Master Plan.

The B.L. England electric generating station is located in the Beesley’s Point section of
Upper Township, New Jersey, which is within South Jersey’s franchise territory. B.L. England is a 447-megawatt generation facility powered by two 1960s-era coal units (155 MW and 129 MW), one 1970s-era residual oil unit (155 MW) and four 2 MW diesel generators. B.L. England currently operates as a merchant power plant selling electricity and capacity in the PJM Power market.

The New Jersey EMP sets forth several State energy goals, including the promotion of new, clean, in-State electricity generation. In order to achieve these goals, the EMP specifically discusses the expansion of existing natural gas pipeline to support new gas-fired electricity generation throughout the State but particularly in southern New Jersey, which lacks adequate natural gas infrastructure to support such new generation facilities. In addition, as articulated by Governor Christie, it is the policy of the State of New Jersey to discourage the construction of new coal-fired power plants, as well as accelerate the decommissioning of coal fired power plants in this State. South Jersey does not currently have existing transmission or distribution infrastructure to serve B.L. England.

In furtherance of these goals, and by virtue of an Administrative Consent Order (“ACO”), and a series of amendments to the ACO, with the New Jersey Department of Environmental Protection (“DEP”), the owner of B.L. England, R.C. Cape May Holdings, LLC (“R.C. Cape May”) determined that B.L. England should be redeveloped as a natural gas fired facility. Repowering the Station to natural gas will provide several direct benefits to the State energy system, including: (1) B.L. England is located in a critical area, as it is the only significant generator in southeast New Jersey; (2) There is a severe need for capacity in the area of B. L. England and this need will be exacerbated by the retirement of the Oyster Creek Nuclear Generating Station in 2019; and (3) B.L. England is perfectly located to provide the necessary
support for the development of offshore wind as a renewable resource, consistent with New
Jersey’s energy plans. As detailed in Black & Veatch Corporation’s October 2012 “Cost
Allocation Study for a Proposed High Pressure Natural Transmission Pipeline” (“Cost Allocation
Study”), attached to Mr. Feingold’s testimony, the total capital cost has been estimated to be
between $87 million and $91 million for the proposed 22 mile long 24” diameter transmission
pipeline consisting of the Reliability and Dedicated segments.

South Jersey has already taken significant steps towards designing and constructing this
22-mile pipeline and has received several critical approvals from the Board. By way of an Order
dated June 21, 2013 in BPU Docket No. GO13030202, South Jersey received approval from the
Board to construct the proposed 22-mile pipeline. By way of Order Dated April 29, 2013, South
Jersey and R.C. Cape May received approval to enter into a contract under which South Jersey
will serve B.L. England under rate schedule Firm Electric Service (FES).

As of the date of this filing, the Company is awaiting approval from the New Jersey
Pinelands Commission to commence construction. South Jersey has submitted a detailed
application to the Pinelands Commission and has appeared before the Commission’s Policy and
Implementation Committee to provide details regarding the project. Assuming approval from
the Pinelands Commission is received in early 2014, South Jersey anticipates that it will
complete construction of the 22-mile pipeline by the end of 2014. South Jersey is seeking to
include in rate base the capital expenditures associated with the pipeline. The capital
expenditures associated with the pipeline are included in RFF-1 as a post-test year Major
Construction Project. Because South Jersey is seeking to include the entirety of the 22-mile
pipeline in rate base, including the revenue producing Dedicated Line, the capital expenditures
identified in RFF-1 have been offset by the anticipated FES revenues, which are included in Schedule MS-3 attached to the testimony of Mr. Sanjek.

Details regarding the route, configuration, cost estimate and allocation of costs for the Reliability Line and Dedicated Line are discussed at length in the Cost Allocation Study and the February 12, 2013 “Supplement to Black & Veatch’s October 2012 Report” (“Supplement”) attached to Mr. Feingold’s testimony. The Cost Allocation Study and Supplement also discuss in detail the need for, and appropriate sizing of, the Reliability Line to provide an adequate secondary transmission pipeline supply to Atlantic and Cape May Counties through looping.

IX. Natural Gas Liquefaction System

The Liquefied Natural Gas (“LNG”) industry is in the process of undergoing a radical transition as new non-traditional consumers enter the marketplace. LNG is quickly becoming an attractive fuel choice for a variety of transportation applications including long-haul trucking, marine vessels and railroad locomotives.

These new entrants compete for LNG supply with the traditional users like LDCs in an already historically constrained marketplace. The Company’s recent experience with its request for proposal (“RFP”) in June 2013 for LNG supplies for the 2013-14 season revealed the reality of this new competition for supply in the LNG market. The Company sent an RFP to six potential providers and had only two responses to the RFP. One response proposed a three year agreement with an average annual demand cost of $5,000,000. Additionally, the LNG commodity was located over 900 miles away from the Company’s McKee City facility, where our LNG tank is located, which would add significant transportation costs. In comparison, during the 2012-13 season the Company paid approximately $785,000 in liquefaction/demand charges. The other response proposed an eight year agreement that provided only one truckload
per day during the months of January, February and March, and offered no supply during the
summer refill season. The Company’s previous agreements allowed for 5-6 truckloads per day.
Summer LNG refill requirements vary from year to year, but regularly require over 200
truckloads during the April-October timeframe. Neither response was deemed acceptable to the
Company.

The Company continued to explore potential long term supply LNG options but found no
reasonable alternatives. Historically, South Jersey has contracted for LNG supply with annual
demand charges that have increased somewhat year over year, but the dramatic increase in
demand charges and general lack of interest in serving LDC customers observed this year is very
troubling. It appears that the relatively flat load curve of the transportation industry presents a
much more attractive opportunity to LNG supplies than does the demand curve presented by the
traditional LDC customers which has peaks and valleys and is primarily weather driven. LNG
represents a very attractive economic alternative to diesel for high horsepower engines like large
trucks, marine vessels and even railroad locomotives. The anticipated fuel savings to be gained
from switching from diesel to LNG are substantial enough for these industries to invest
significantly in LNG powered vehicles. Based on this information, SJG anticipates a decline in
LNG availability and a substantial increase in supply costs when and if the commodity is
available.

In addition to demand charges, South Jersey annually contracts for trucking services to
move the LNG from the source location to our McKee City facility. The annual expense for this
service has averaged $1.2 million over the past three years. As the LNG industry continues to
evolve, the Company is concerned with the future cost and availability of trucking services for
LNG as well. Historically and at present, the McKee City facility is filled by up to 600 LNG
liquid tanker trucks per year. Currently, the LNG tanker trucks represent the only option for filling this critical asset, which represents an emergency supply of last resort for the SJG system. During times of extremely cold weather across the Northeast, demand for these LNG trucks has caused the Company to request a “State of Emergency” to be declared by Atlantic County in order to allow the trucks to deliver LNG to the Mckee City facility.

For the 2013-14 winter season, the Company will rely on Transco’s LNG tariff service, which offers customers the ability to purchase up to their contracted amount for delivery at Transco’s LNG storage facility in Carlstadt, New Jersey, in lieu of taking vapor pipeline deliveries. With this service, SJG will be required to request truck fills 72 hours in advance, and Transco will then prorate, if necessary, SJG’s request based on the number of other Transco customers who have also requested this service. While this service should meet the Company’s needs in the short term, South Jersey does not view this option as a long term solution, as this agreement does not provide for summer refill and reduces the amount of gas that can be delivered to the city gate, which is relied upon to meet delivery requirements on very cold days.

LNG plays a critical role for South Jersey. The Company relies on 75,000 dts/day of LNG to meet design day requirements and relies on LNG to provide adequate operating pressure to the distribution system during extremely cold weather. Due to the critical role LNG plays for South Jersey, the Company needs to ensure LNG is available at a prudent cost and not subject to marketplace pressures which have already created extreme increases in cost.

In light of LNG’s critical role to South Jersey’s design day and operating pressure requirements, South Jersey engaged Black & Veatch Corporation (“Black & Veatch”) to perform an analysis of available alternatives to truck refilling for its LNG supply needs. The resulting “McKee City LNG Truck Refill Alternatives Analyses” (“Alternatives Analysis”) is attached to
the testimony of Mr. Feingold. In its Alternatives Analysis, Black & Veatch examined replacing LNG truck deliveries with (1) an on-site liquefaction facility at the McKee City facility, (2) on-system incremental pipelines and modifications to existing pipelines to replace the benefits of the McKee City LNG facility, and (3) a new propane-air facility to replace the supply from McKee City. Black & Veatch concluded that the installation of a liquefier at the McKee City facility is the best engineering and least cost alternative to address the reliability concerns of truck refill supplies being delivered to McKee City.

South Jersey also engaged Black & Veatch to conduct a Fatal Flaw Analysis for the addition of a liquefaction plant in McKee City. Black & Veatch’s “Letter Report of Fatal Flaw Analysis for 5,000 MSCFD Natural Gas Liquefaction Plant” (“Fatal Flaw Analysis”) is attached to Mr. Feingold’s testimony. In its Fatal Flaw Analysis, Black & Veatch examined the most critical issues of space availability and applicable code and standard requirements for the siting of a liquefaction facility in McKee City. Black & Veatch concluded that South Jersey’s McKee City facility was of adequate size for the siting and construction of a liquefier and concluded that there are no fatal flaws to the project.

To determine the estimated cost of the liquefaction system, South Jersey engaged CHI Engineering Services, Inc. (“CHI”) to provide a capital cost estimate for the design, procurement and construction of the liquefaction system in McKee City, as well as an estimated construction schedule. The results of CHI’s study are discussed in the testimony of Mr. Dirksen, President of CHI. Utilizing the CHI study, South Jersey was able to develop an estimated total cost for construction of the LNG liquefaction system. In addition to the costs identified by Mr. Dirksen, SJG will incur permitting costs, labor costs and other capital costs associated with modifications and upgrades to the McKee City facility that are necessary for the liquefaction system to be
constructed. South Jersey is estimating the cost for permitting, design, procurement and
construction of the liquefaction plant, including a project contingency, to total approximately $43
million.

South Jersey has estimated that construction of the liquefaction plant will take
approximately 24 months and the plant will be in service in the fourth quarter of 2015. This
estimate is based upon a construction schedule provided by CHI and a 14-15 month permitting
schedule provided by Mr. Thomas Roesch, a partner in the engineering and planning firm of
Duffy, Dolcy, McManus & Roesch. Mr. Roesch and his firm are familiar with the McKee City
facility and have previously assisted South Jersey in obtaining local approvals and permits for
the facility. In a letter dated October 8, 2013, Mr. Roesch has identified the local approvals and
permits that are required before the liquefaction system can be constructed and has estimated that
it will take 14-15 months to obtain those permits. A copy of Mr. Roesch’s letter is attached to
my testimony as Schedule RFF-2.

The liquefaction system is a significant capital investment that is prudent and major in
nature and consequence. As detailed in the testimony of Mr. Cocchi, South Jersey is proposing
that the plant associated with the liquefaction system be reflected in rate base in a Phase Two
proceeding to be concluded when the plant is placed in service in late 2015.

X. Summary

The issues reflected in this testimony represent significant advancements in the level of
technology utilized by the Company, which are needed to increase our ability to provide our
customers with safe, adequate, high quality service, as well as to allow the Company to continue
meeting its regulatory obligations. We have also taken significant actions to ensure our
compliance with transmission and distribution integrity management requirements, including the
acceleration of certain integrity requirements at the request of the BPU’s Bureau of Pipeline
Safety. The Company also intends to take additional steps towards ensuring the reliability of our
system by constructing the Reliability Line and installing a liquefaction facility in McKee City.
Finally, the Company is proud of its contributions in advancing the goals of the Energy Master
Plan by converting its fleet to CNG and by stimulating the CNG market with the construction of
several fueling stations in its territory.
### Major Construction Projects

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<th>Line No.</th>
<th>Project Name</th>
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<th>Post-Test Year Projection</th>
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<td>Hardingville Station, Separator, &amp; Heater</td>
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October 8, 2013

Mr. Raymond Wenzel  
Gas Production Manager  
South Jersey Gas Company  
215 Cates Road  
Egg Harbor Township, NJ 08234  

RE: SOUTH JERSEY GAS COMPANY  
GAS LIQUEFIER-PERMITTING  
BLOCK 2903, LOT 1  
EGG HARBOR TOWNSHIP  
BLOCK 1301, LOT 2  
HAMILTON TOWNSHIP  
ATLANTIC COUNTY, NJ  
PROJECT #9674  

Dear Ray,

This is a report of land use regulation requirements for the proposed construction of a gas liquefier facility at the above site. It is my understanding the work will generally entail the construction of a cold box and compressor building, along with other ancillary facilities, in the general area shown on the attached plan noted as “Approximate Areas of Construction”. Most of the area presently has a stone ground cover in addition to buildings and equipment shown on the plan. The existing basin shown on this plan (partially within the “Approximate Area of Construction”) is not utilized for storm water management purposes and is anticipated to be slightly relocated to the west. Although the above property is in both Egg Harbor Township and Hamilton Township, the above described work will only be within Hamilton Township. This report will discuss probable worst case scenario’s and lengths of time. It is expected that these scenario’s and lengths of time can be reduced as the project moves forward.

The following submissions will be required to receive land use approvals: (in order):

1. Hamilton Township Zoning Board – Interpretation of use/use variance.
2. Pinelands Commission - Certificate of Filing;
3. Hamilton Township Zoning Board - minor site plan approval;
4. Egg Harbor Township Planning Board – Type of approval to be determined.
5. Cape-Atlantic Conservation District – certification;
6. Pinelands Commission – “no further review” or “no call-up”.

\Server\acad_files\projects\9674\oct0713-01 Raymond Wenzel SJG - 9674.doc
Stormwater management devices will be required. Most of the areas in question slope from west to east (toward Egg Harbor Twp.). I expect a shallow basin or basins will need to be provided on the Egg Harbor Township portion of the property. For this reason, a submission to Egg Harbor Township will be required (Type of approval to be determined). An informal submission of plans to Atlantic County will be made to request a site plan waiver.

**Hamilton Township Zoning Board – Interpretation of Use/Use Variance**

In Hamilton Township, the project area is zoned GA-L (Growth Area Low Density), with public utility substation a permitted use. You may recall that we requested an interpretation in 2010 from the zoning board on whether the LNG Expansion would require a use variance. The board determined that a use variance was not required to modify/expand the non-conforming LNG facility. For the gas liquefier facility, it is possible that a use variance may be required since construction of a not permitted use is being proposed. The safest course of action would be to appear at the zoning board for an interpretation of use, and if the board determines that the liquefier facility will require a use variance, then we would present a case for the use variance at that time.

Receiving use variance approval for the construction (and operation) of the proposed liquefier facility may have some risks. Even though the facility will be approximately 500' from the closest property line and 700' to the nearest dwelling unit, the presence of an abundance of lights on the cold box will probably be opposed by the nearest residents. Although light spillover should not occur past the property line, a well devised plan to limit the illumination hours and the direction of lighting should be prepared. In addition, noise from the proposed operation could be targeted by the residents. The anticipated hours of operation will need to be presented at the interpretation of use/use variance hearing. As you are probably aware, any change to the quality of life for the nearby residents may be challenged.

It is highly recommended that the design team attend a Hamilton Township informal workshop at the start of the project. These workshops are conducted once a month and generally attended by the board professionals and the Pinelands Commission. The fee is $600.00. At this meeting, the team can show a general concept plan and explain the proposed operations to the professionals. The team will receive feedback from the professionals regarding the project. The professionals should be able to provide guidance on the interpretation of use/use variance issue. Since workshops are only conducted once a month, allow 1 month from the time requested.
The interpretation of use/use variance request can be made anytime prior to (or at the same time as) site plan approval. The Pinelands Certificate of Filing is not required prior to requesting a interpretation of use/use variance. There are two (2) ways to approach the timing of requesting interpretation of use/use variance approval and a Pinelands Certificate of Filing (to be discussed shortly). They are described below in order of risk involved (least to most):

1. a) Apply for a interpretation of use/use variance to allow the liquefier facility on this property. Typically, the plans will only consist of a Cover Sheet and Conceptual Site Plan. Hard engineered site plans would not commence until the interpretation of use/use variance is approved. Time allotted for submission to the Zoning Board and the hearing is up to 2 months.

b) After interpretation of use/use variance is granted, prepare hard engineered plans (to be discussed shortly) and submit to the Pinelands for a Certificate of Filing. This task could take up to 1 ½ months.

c) Total time anticipated for this method is up to 3 ½ months.

2. a) Apply for a interpretation of use/use variance to allow the liquefier facility on the property, (Cover Sheet and Conceptual Site Plan) while at the same time prepare hard engineered site plans for submission to the Pinelands for a Certificate of Filing. Submission to the Pinelands should occur after interpretation of use/use variance approval. Total time anticipated for this method is up to 2 ½ months.

I expect the Hamilton Township fees for a use/use variance application to total approximately $1,500.00.

I should also mention that the interpretation of use/use variance approval could be requested at the same time as site plan approval (after receiving the Pinelands Certificate of Filing). This should be thoroughly discussed at the Hamilton Township Workshop, and then a decision could be made by the project team.
Pinelands Commission – Certificate of Filing (COF)

After hard engineered plans are prepared and the interpretation of use/use variance received from the Hamilton Township Zoning Board, the next step will be submission to the Pinelands Commission to receive a Certificate of Filing, which is permission from the Pinelands to allow the applicant to file applications with other review agencies. This project is defined as “major development” since it involves the expansion of a commercial or industrial use or structure on a site of more than 3 acres. Since environmental studies were recently conducted, a waiver from providing environmental studies will be requested. I do not believe a pre-application meeting with the Pinelands will be necessary for this project since a Pinelands representative will be at the Hamilton Township workshop. Full site plans with stormwater management for the improvements will be required. Stormwater management will be discussed later in this report. Pineland’s Development Credits (PDC’s) should not be required for this project since they were previously purchased for the area outside of the LNG facility. A major development with stormwater management typically takes approximately 90 days to receive a Certificate of Filing. However, it would be safest to allocate approximately 4 ½ months for this task.

The Pinelands application fee is calculated based upon construction costs. Since a firm number cannot be determined at this time, I have attached an excerpt of the Pinelands fee schedule for your use. However, please be aware that $1,000,000 in construction cost will equate to a $8,750 Pineland’s application fee.

Hamilton Township Zoning Board – Minor Site Plan Approval

Once a Pinelands Certificate of Filing is received, application to the Hamilton Township Zoning Board for a minor site plan can be made. However, the zoning board may allow the project to be submitted and reviewed by the professionals while the Pinelands is reviewing the project. This was done for the 2010 LNG expansion and solar facility. To be conservative, I think it is best to assume that the zoning board will only receive the submission once the COF is issued. Submission materials to the zoning board will include all items previously sent to the Pinelands along with building/architectural plans.

The zoning board should hear the project within 2 months of initial submission. However, there is always the possibility of a previously scheduled application taking multiple dates to be heard, therefore, pushing back other applications. This is rare, but possible. A conditional approval from the zoning board should be granted at the public hearing. A written Decision and Resolution (D&R) is then issued the following month. Plan revisions based on the professionals’ reports and the D&R are generally sent in within 1 month of receiving the D&R. Posting of performance bonds and having plans “signed off” by the board typically takes 1-1 ½ months after compliance plans are submitted.

Based on all of the above, it should take no more than 5 ½ months from site plan submission until plans are “signed off”.

4
The application and escrow fees to Hamilton Township should be approximately $5,000.00.

**Egg Harbor Township Planning Board**

There are no building improvements proposed on the Egg Harbor Township (EHT) portion of the property. However, the required drainage improvements will be constructed in EHT. The land use administrator believes the site will be reviewed as either an amended site plan or administrative review. It is possible that an appearance at a planning board hearing will be required. Assuming a submission after receiving the COF, I would expect approval approximately 3-4 months later (assuming an appearance at the planning board is required). Application and escrow fees, along with soil test pit witness fee, will be approximately $3,000.00. In addition, landscaping for an anticipated basin will probably be required, or a contribution to EHT for planting of landscaping within the township.

Based on a review of my previously prepared “Proposed Drainage Plan” in 2010, I expect drainage improvements to be proposed in Egg Harbor Township, somewhere just east of the municipal boundary line. Most of the area that will have the new liquefier facility slopes to the east and eventually makes its way to a minor drainage swale within the existing solar field. That swale discharges to the wetland buffer area at the southeast corner of the property. Intercepting the runoff prior to reaching the drainage swale appears to be the best course of action.

**Cape-Atlantic Conservation District – Certification**

Submission to the Cape-Atlantic Conservation District is typically made shortly after township planning/zoning board hearings. I expect total application fees of approximately $1750 and approval received approximately 1 ½ months after submission.

**Pinelands Commission – “No Further Review” or “No Call-Up”**

Once a Decision & Resolution from Hamilton Township and EHT (if provided) the certification from the Cape-Atlantic Conservation District is received, these approvals are forwarded to the Pinelands for their final review to determine if these approvals can take effect. An approval is not considered “final” until this “No Further Review” or “No Call-Up” letter is received. This letter is typically issued within 3 weeks.

**Drainage** - Drainage plans and calculations will be required since it is considered “Major Development” by the Pinelands. At a minimum, the following will be required: a) Runoff from the net increase in impervious surfaces will be retained and infiltrated; b) Soil test pits will need to be performed at the infiltration areas and permeability testing performed; c) Post-development runoff rates must be reduced compared to pre-development rates.
Summary of anticipated review fees:

- Hamilton Township Workshop = $600.00
- Hamilton Township Zoning Board Interpretation of use/use variance = $1,500.00
- Pinelands Commission - $8,750.00 (Based on $1,000,000 construction cost)
- Hamilton Township Zoning Board Minor Site Plan = $5,000.00
- Egg Harbor Township Planning Board = $3,000.00
- Cape-Atlantic Conservation District = $1,750.00

A timeline for this project is attached. If you should have any questions, please feel free to contact me. Thank you.

Sincerely,

Thomas C. Roesch, PE, PP
1. There shall be a $200 fee for a residential development consisting of one unit or one lot;

2. The fee for all other residential developments shall be calculated based on the number of proposed dwelling units or lots, including those to be utilized for stormwater facilities, open space, recreational facilities or other accessory elements of a residential development, according to the following:

   i. $200.00 per dwelling unit or lot for the first four units or lots;

   ii. $225.00 per dwelling unit or lot for units/ lots five through 50;

   iii. $125.00 per dwelling unit or lot for units/ lots 51 through 150; and

   iv. $100.00 per dwelling unit or lot for units/ lots in excess of 150.

(c) The application fee for a commercial, institutional, industrial or other non-residential development application submitted pursuant to N.J.A.C. 7:50-4.14 or 4.33 shall be calculated in accordance with the following based on typical construction costs, except as provided in (c)1 through 7 below: one percent of construction costs for the first $500,000 of the total construction cost; three-fourths percent of construction costs for the portion of the construction costs between $500,000 and $1 million; and one-half percent of the construction costs for the portion of the construction costs in excess of $1 million. Typical construction costs shall include all costs associated with the development for which the application is being submitted, including, but not limited to, site improvement and building improvement costs, but shall not include interior furnishings, atypical features, decorative materials or other similar features. For fees calculated based on the percentage of construction costs, such costs shall be supported by the sworn statement of a licensed architect, licensed engineer, or other qualified individual, if an architect or engineer has not been retained for the project, as to the expected construction costs.

1. For an off-road vehicle event conducted in accordance with N.J.A.C. 7:50-6.143(a), the fee shall be $5.00 per mile of the route proposed;

2. For a forestry application or renewal application, submitted pursuant to N.J.A.C. 7:50-6.43(b) or (c), for forestry activities involving 10 or more acres, the fee shall be $5.00 per acre that is subject to the forestry activities;
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