



South Jersey Gas

Where we put all of our energy®

Steven R. Cocchi, Esq.

Director, Rates & Revenue Requirements

January 27, 2012

Kristi Izzo, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

**Re: Capital Investment Recovery Tracker (CIRT II) Quarterly Report in
Compliance with the Board Order in Docket No. GR10100765**

Dear Secretary Izzo:

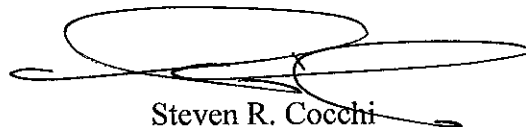
On October 22, 2010 South Jersey Gas Company ("SJG") filed its Capital Investment Recovery Tracker (CIRT II) petition. On March 31, 2011, the Board approved CIRT II, which included a total of nine qualifying projects, under Docket No. GR10100765.

Pursuant to the Board Order, SJG is filing its CIRT II Quarterly Report for the period ending December 31, 2011. The report is comprised of the following three components:

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

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

Very truly yours,



Steven R. Cocchi

SRC/caj/F92
Attachments

cc: R. Jackson J. May S. DeLucia A. Reid V. Fisher M. Beyer
M. Stonack F. Thomas-Friel, Esq. E. Lihan J. Costa C. Lin

**South Jersey Gas Company
CIRT II Qualifying Projects
Quarterly Report on Capital Expenditures and Job Creation Related to
Quarter Ending December 2011**

Accelerated Main Replacements

Replace approximately 82 miles of incremental bare steel/cast iron main and 3,736 associated bare steel services with an anticipated cost of \$28,364,000. As of December 31, 2011, actual dollars spent amount to \$18,712,000 with 54.5 miles of main installed and 2,080 services. Total jobs to be created for this project are estimated at 142, total jobs created to date are 74.8. The remainder of the funding for this project is planned to be spent during 2012.

12" Atlantic City Pipeline

Install approximately 1.9 miles of 12" pipeline extension along Absecon Boulevard, 1000' of 8" pipeline, and a new distribution district regulator to supply Atlantic City and Absecon Island from the Huron Avenue station to improve delivery reliability. The estimated cost of this project was \$3,500,000. SJG's revised estimate, based on design requirements and actual competitive contractor bids is \$5,887,000. As of December 31, 2011, SJG has spent \$6,082,301 on this project. Total jobs created for this project were estimated at 8; total jobs created to date are 12.9. The pipeline construction was completed and in-service in December 2011. Although the project has been placed in-service, final restoration remains to be completed.

24" Black Horse Pike to Delilah Road

Install approximately 2.7 miles of 24" pipeline along Black Horse Pike and Fire Road in Egg Harbor Township to improve delivery reliability to the Pleasantville Station and Absecon Island. SJG's estimated total cost for this project is \$8,000,000. As of December 31, 2011, SJG has spent \$5,716,458. Total jobs created for this project were estimated at 14; total jobs created to date are 12.4. The pipeline construction is on schedule to be completed and in-service February 2012.

Absecon Island Ventnor Ave Feeder Main

Replace approximately 4.5 miles of intermediate pressure cast iron feeder main on Ventnor Avenue supplying the communities of Atlantic City, Ventnor, Margate and Longport with anticipated cost of \$9,356,000. As of December 31, 2011, actual dollars spent amount to \$9,435,614 with 4.53 miles of plastic and steel pipe installed. Total jobs created for this project were estimated at 47; total jobs created to date are 38. This project was completed and placed in service in December 2011.

Distribution District Regulator Upgrades

Upgrade 8 distribution district regulator facilities throughout the service territory to improve delivery reliability. SJG's estimated total cost for this project was \$1,700,000. As of December 31, 2011, SJG has spent \$1,683,000. Total jobs created for this project were estimated at 9; total jobs created to date are 9. This project was completed and placed in service in December 2011.

LNG Tank Foundation, Impoundment Dike, Security & Vapor Fence Safety Upgrades

Upgrade refurbishment of the existing LNG Tank foundation, liquid spill impoundment dike, vapor dispersion barrier fence, IR gas detection, and perimeter microwave security system. SJG's estimated total cost for this project was \$1,200,000. As of December 31, 2011, SJG has spent \$623,000. Total jobs created for this project were estimated at 2; total jobs created to date are 1.5. This project was originally scheduled to be in service by December 31, 2011, however due to delays caused by weather and material lead times the schedule has been revised to be completed by March 2012.

Transmission System Retrofits & Valving

Replacement and/or retrofitting of existing transmission and high pressure sectionalizing valving and piping components to accommodate in-line inspection tools. SJG's estimated total cost for this project was \$2,550,000. As of December 31, 2011, SJG has spent \$1,515,000. Total jobs created for this project were estimated at 20; total jobs created to date are 18. This project was originally scheduled to be in service by December 31, 2011. The pipe work was completed in early December, however overall completion of the project has been rescheduled to February 29, 2012.

Water Crossing Replacements at Oldman's Creek

Horizontal directional drill replacement of two parallel 8" pipelines (250/60) crossing Oldman's Creek between Gloucester and Salem Counties along NJ Route 130. SJG's estimated total cost for this project was revised to \$863,000, (from \$500,000) based on final design and contractor bids. As of December 31, 2011, SJG has spent \$624,818 on this project. Total jobs created for this project were estimated at 2; total jobs created to date are 1.6. The pipeline construction was completed and in-service in November 2011.

Absecon Island Ventnor Ave Lateral Mains

Replace approximately 3.5 miles of low pressure bare steel and cast iron lateral mains associated with the Ventnor Avenue feeder main project with an anticipated cost of \$5,080,000. As of December 31, 2011, actual dollars spent amount to \$5,108,189, with 2.87 miles of plastic pipe installed. Total jobs to be created for this project were estimated at 25; total jobs created are 20.4. This project was completed and placed in service in December 2011.

South Jersey Gas Company
Report on Capital Expenditures and Job Creation Related to Qualifying Projects -CIRT II
Period Ending December 31, 2011

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 Accelerated Service Replacements	Renewal Main Renewal Services	432,960 373,600 806,560	3,736 Services(est)	Various Various	287,816 208,000 495,816	66% 56%	\$19,397,600 \$8,966,400 \$28,364,000	\$14,735,564 \$3,976,436 \$18,712,000	75.97% 44.35% 65.97%	Various Various	142	74.8
12* Atlantic City Pipeline	Pipeline	2.1 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		2.1	100% 100% 100% 99% 99%	\$5,887,000	\$6,082,301	103.32%	12/31/2011	8	12.9
24* Black Horse Pike to Dellsiah Road	Pipeline	2.7 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		2.4	100% 100% 100% 90% 98%	\$8,000,000	\$5,716,458	71.46%	2/29/2012	14	12.4
Absecon Island Ventnor Ave Feeder Main	Replacements	4.5 Miles or 23,760 Feet	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		23,902	100% 100% 100% 101% 126%	\$9,356,000	\$9,435,614	100.85%	12/31/2011	47	37.7
Distribution District Regulator Upgrades	Upgrade	8 Regulators	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		0	100% 100% 100% 100% 100%	\$1,700,000	\$1,683,000	99.00%	12/31/2011	9	9
LNG Tank Foundation, Impoundment Dike, Security & Vapor Fence Safety Upgrades	Upgrade	Various	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		0	100% 100% 100% 50% 50%	\$1,200,000	\$623,000	51.92%	3/31/2012	2	1.5

South Jersey Gas Company
Report on Capital Expenditures and Job Creation Related to Qualifying Projects -CIRT II
 Period Ending December 31, 2011

<u>Proposed Infrastructure Project</u> (a)	<u>Project Type</u> (b)	<u>Estimated Quantity</u> (c)	<u>Major Tasks</u> (d)	<u>Tasks Completed To Date</u> (e)	<u>Quantity Completed To Date</u> (f)	<u>Percent of Quantity/Tasks Completed To Date</u> (g)	<u>Total Estimated Cost</u> (h)	<u>Actual Cost To Date</u> (i)	<u>Percent of Cost To Date</u> (j)	<u>Project Completion Date</u> (k)	<u>Total Jobs To Be Created</u> (l)	<u>Jobs Created To Date</u> (m)
Transmission System Retrofits & Valving	Upgrade	Various	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	0'	0'	100% 100% 100% 95% 95%	\$2,550,000	\$50,000 \$5,000 \$353,000 \$975,000 \$132,000 \$1,515,000	59.41%	2/29/2012	20	18
Water Crossing Replacements at Oldman's Creek	Replacements	One Site	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	1300'	1300'	100% 100% 100% 70% 72%	\$863,000	1,139 0 12,725 555,304 55,650 \$624,818	72.40%	11/30/2011	2	1.6
Absecon Island Ventnor Ave Lateral Mains	Replacements	3.5 Miles or 18,480 Feet	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	15,140	15,140	100% 100% 100% 82% 112%	\$5,080,000	\$0 \$0 \$187,872 \$4,358,870 \$561,447 \$5,108,189	100.55%	12/31/2011	25	20.4
							<u>\$63,000,000</u>	<u>\$49,500,381</u>			<u>269</u>	<u>188.4</u>

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 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
2011 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>2011 Capital Program</u>				
Blankets	\$34,900	\$30,699	\$13,494	\$8,989
Specials	\$5,594	\$20,653	\$5,594	\$9,678
Total Without New Business	<u>\$40,494</u>	<u>\$51,352</u>	<u>\$19,088</u>	<u>\$18,667</u>
 <u>New Business</u>				
Blankets	\$22,980	\$29,249	\$5,065	\$8,362
Specials	\$0	\$8,443	\$0	\$2,788
Total New Business	<u>\$22,980</u>	<u>\$37,692</u>	<u>\$5,065</u>	<u>\$11,149</u>