



**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, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

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

Dear Secretary Izzo:

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

SJG is filing this CIRT I Quarterly Report for the period ending December 31, 2011. It includes the 5 remaining CIRT I qualifying projects not yet rolled into rate base. 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

All CIRT I qualifying projects are now complete.

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

Very truly yours,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Steven R. Cocchi, Esq.  
Director, Rates & Revenue Requirements

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 I Qualifying Projects  
Quarterly Report on Capital Expenditures and Job Creation Related to  
Quarter Ending December 2011**

**Accelerated Main Replacements**

The total actual spend for this two year project is \$26,053,953 which consists of the replacement of 72.9 miles of main and 1,716 services. The initial total job creation estimate was 28. Total jobs created to date are 40.

**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. SJG's estimated total cost for this project was \$8,500,000. As of December 31, 2011, the total actual cost is \$9,255,112. The additional cost is primarily due to the County Engineer's office requiring twice as much paving as was initially stated at the time of issuance of the road opening permit. Additional select material was required for backfill due to poor quality of excavated material. Total jobs created for this project were estimated at 10; total jobs created to date are 23.5. The pipeline construction was completed and placed in-service in October 2010. This project was delayed due to delays in obtaining permits.

**16" CMCH – Burleigh Pipeline**

Install 3 miles of 16" diameter gas transmission line from Cape May Court House to Burleigh in Middle Township to improve delivery reliability. The total estimated cost for this project was \$7,500,000. As of December 31, 2011, the total actual cost is \$6,123,547. This variance is due to actual contractor bids that were significantly lower than anticipated at time of initial estimate. Total jobs created for this project were estimated at 8; total jobs created to date are 9. The pipeline construction was completed and placed in-service in March 2011. This project was delayed due to difficulty in securing a property rights easement for the regulator station.

**20" Union Rd.-Rt. 50 Upgrade**

Increase operating pressure of a 10 mile pipeline segment to increase flow capacity on the 20" transmission pipeline from the City of Vineland to Estell Manor Township to improve delivery reliability. SJG's estimated cost for this project was \$600,000. As of December 31, 2011, the total actual cost is \$667,000. Total jobs created for this project were estimated at 2; total jobs created to date are 2. An in-line inspection assessment of this existing 20" pipeline segment was performed in April of 2010 and field investigations of predicted anomalies have been completed. SJG filed a Petition with the Board on July 27, 2011 for authorization to increase the pipeline's operating pressure from 350 to 437 psig. The petition to increase the pressure was approved on December 14, 2011 and the project was placed in service in December 2011.

**Install H-6 LNG Vaporizer**

Installation of new vaporizer to improve peak shaving gas supply reliability at the McKee City Liquefied Natural Gas (LNG) Plant in Hamilton and Egg Harbor Townships. SJG's estimated total cost for this project was \$4,500,000. As of December 31, 2011, we have spent \$4,585,000 for this job. Total jobs created for this project were estimated at 11; total jobs created to date are 11. This project was originally scheduled to be in service by September 30, 2010. This schedule was revised to November 22, 2011 due to delays in receiving state and local land use approvals. The project was placed in service in November 2011.

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

Proposed Infrastructure Project (a)	Project Type (b)	Estimated Quantity (c) <sup>1</sup>	Major Tasks (d) <sup>2</sup>	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) <sup>3</sup>	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	390,000 192,500 \$72,500	1,925 services (est)	Various Various	385,061 171,600 556,661	100% 100%	\$71,390,000 \$4,620,000 \$26,000,000	\$22,062,876 \$3,991,060 \$26,053,936	103.2% 86.4% 100.2%	Various Various	28	40
12" Alco-Stokes Rd Pipeline	Pipeline	6 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		31,700 <sup>4</sup>	100% 100% 100% 100% 100%	\$8,500,000	\$9,255,112	108.88%	10/30/2010	10	23.5
16" CMCH to Burlingh	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		14,900 <sup>4</sup>	100% 100% 100% 99% 99%	\$7,500,000	\$6,123,547	81.65%	3/31/2011	8	9
20" Pipeline, Union Rd to Rt 50 Upgrade	Pipeline	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0 <sup>5</sup>	100% 100% 100%	\$600,000	\$667,000	111%	12/14/2011	2	2
Install new H-6 LNG vaporizer	Facility	1	Design Mat'l Procurement Construction TOTAL		0 <sup>5</sup>	100% 100% 95%	\$4,500,000	\$4,585,000	102%	11/22/2011	11	11
											\$9	\$6.5

Notes: 1. For column c & 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.  
5. Column (l) the dollar amount for Accelerated Main Replacement is a cumulative amount that includes the roll in of \$24.5M as of 6/30/10 per Docket No. GR10010035.

**South Jersey Gas Company  
 2011 Capital Spending Summary  
 (Not Related To CIRT Projects)**

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