



South Jersey Gas

Where we put all of our energy®

Samuel A. Pignatelli

Vice President,
Revenue Requirements

January 31, 2011

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

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

Dear Secretary Izzo:


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

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

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

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

Very truly yours,


Samuel A. Pignatelli

SAP/caj/F92
Attachments

cc: 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
Quarterly Report on Capital Expenditures and Job Creation Related to
Qualifying Projects
Quarter Ending December 2010

Accelerated Main Replacements

In 2010, we replaced 22.7 miles of main and 940 associated services. This brings our total actual spend for this two year project to just under \$26,000,000 which consisted of the replacement of 72.7 miles of main and 1,716 services. The actual cost to date is \$25,578,276. Total job creation was initially estimated at 28. Total jobs created to date are 40.

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 the Vineland to improve delivery reliability. We currently estimate the total cost for this project will be \$49,450,000. As of December 31, 2010, actual dollars spent amount to \$47,893,091 with 14.7 miles of the transmission line being installed. Total jobs to be created for this project were estimated at 44; total jobs created to date are 78. The pipeline construction was completed and placed in-service in April 2010. The nearly 4 month delay in completion was caused by delays in permitting causing a later start date and wet weather conditions.

12" Rio Grande-Wildwood Pipeline

Replace 3 miles of 6" steel pipe with 12" steel pipe in Middle Township and City of Wildwood to improve delivery reliability. The estimated total cost for this project was \$4,000,000. As of December 31, 2010, actual dollars spent amount to \$3,621,303 with 3.2 miles of steel pipe being installed. Total jobs to be created for this project were estimated at 5; total jobs created to date are 10. The pipeline construction was completed and placed in-service in April 2010. The nearly 4 month delay in completion was due to wet weather conditions and the need to address contaminated soil and water issues.

12" Atco-Stokes Road Pipeline

Replace 6 miles of 6" steel pipe with 12" steel pipe in Waterford and Shamong Townships to improve delivery reliability. We estimated the total cost for this project to be \$8,500,000. As of December 31, 2010, total dollars spent amount to \$8,257,507. Total jobs to be created for this project were estimated at 10; total jobs created to date are 22.5. The pipeline construction was completed and placed in-service in October 2010. The 11 month delay in completion was due to delays in obtaining permits.

24" Black Horse Pike – Delilah Road

This project has been postponed to address projects of higher priority.

16" CMCH – Burleigh Pipeline

Install 3 miles of 16 inch diameter gas transmission line from Cape May Court House to Burleigh in Middle Township to improve delivery reliability. The total estimated cost for this project was \$7,500,000. As of December 31, 2010, total dollars spent amount to \$3,899,374. Total jobs to be created for this project are estimated at 8; total jobs created to date are 5. The original estimated completion date of June 30, 2010 has been extended to March 30, 2011 due to difficulty in securing property rights easement for the regulator station at the Burleigh end of the project.

Transmission Valve Upgrades

Replace gas transmission line valves with full open ball valves that allow pass thru of inspection tools on the 16" Woodbury pipeline throughout various municipalities from Deptford Township to the City of Pleasantville. This improves reliability by allowing the Company to more thoroughly inspect the pipeline and monitor and thus determine ways to improve its integrity. We estimated the total cost for this project to be \$1,800,000. As of December 31, 2010, total dollars spent amount to date is \$1,605,000. Total jobs to be created for this project were estimated at 5; total jobs created to date are 5. The estimated completion date of December 31, 2009 was achieved and the project is completed and in service.

20" Union Rd.-Rt. 50 Upgrade

Increase operating pressure of a 10 mile pipeline segment to increase flow capacity on 20" transmission pipeline from City of Vineland to Estell Manor Township to improve delivery reliability. We estimated the cost for this project to be \$600,000. As of December 31, 2010, total dollars spent amount to \$662,000. Total jobs to be created for this project were estimated at 2; total jobs created to date are 2. An in-line inspection assessment of this existing 20" pipeline segment was performed in April of 2010 and field investigations of predicted anomalies have been completed. A Petition to the Board of Public Utilities is presently being drafted for authorization to increase the operating pressure on this pipeline segment from 350 to 437 psig.

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 estimated the total cost for this project to be \$800,000. As of December 31, 2010, total dollars spent amount to \$531,000. Total jobs to be created for this project were estimated at 2; total jobs created to date are 2. Construction on this project is complete with only minor punch list and site restoration items remaining to be completed in the Spring of 2011.

Install H-6 LNG Vaporizer

Installation of new vaporizer to improve peak shaving gas supply reliability at McKee City Liquefied Natural Gas (LNG) Plant in Hamilton and Egg Harbor Townships. We estimated the total cost for this project to be \$4,500,000. As of December 31, 2010, we have spent \$2,168,000 for this job. Total jobs to be created for this project were estimated at 11; total jobs created to date are 5. This project was originally scheduled to be in service by September 30, 2010. This schedule has been revised to November 1, 2011 due to delays in receiving local land use approvals.

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 original cost estimate for this project was increased from \$1,800,000 to \$2,100,000. Total jobs to be created for this project were estimated at 4; total jobs created were 4. This project was completed and placed into service on December 31, 2009, at a total cost of \$2,094,100.

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

Proposed Infrastructure Projects (d)	Project Type (b)	Estimated Quantity (c)	Major Tasks (d')	Tasks Completed To Date (e)	Quantity Completed To Date (f)	Percent of Quantified 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	360,000 192,500 572,500	1,925 services (est)	Various Various	363,856 171,600 535,456	100% 100%	\$21,380,000 \$4,620,000 \$26,000,000	\$21,587,186 \$3,891,080 \$25,478,276	101.0% 86.4% 98.4%	Various Various	28	40
24" Mataga-Vineland Pipeline	Pipeline	15 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		77,616	100% 100% 100% 99% 99% 99%	\$49,450,000	\$47,893,061	96.85%	4/30/2010	44	76
12" Rio Grande-Widwood Pipeline	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		16,856	100% 100% 100% 99% 99% 99%	\$4,000,000	\$3,821,303	95.53%	4/30/2010	5	10
12" Alco-Stokes Rd Pipeline	Pipeline	6 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		31,700	100% 100% 100% 99% 99% 99%	\$8,500,000	\$8,257,507	97.15%	10/30/2010	10	22.5
1200 - BHP to Delilah Road - Fire Rd 24"	Pipeline	2.7 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		0	0% 0% 0% 0% 0% 0%	\$0	\$0				
0989 - CVAEH to Buttsq	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		14,900	99% 100% 99% 75% 80% 80%	\$7,500,000	\$3,899,374	51.98%	3/30/2011	8	0
Transmission Valve Upgrade	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 100%	\$1,800,000	\$1,695,000	89%	12/31/2009	5	5
20" Pipeline, Union Rd to Rt 50 Upgrade	Pipeline	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 100%	\$600,000	\$652,000	110%	5/31/2011	2	2
Swedesboro Station Upgrades	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 95%	\$800,000	\$531,000	66%	5/31/2011	2	2
Install new H-S LNG vaporizer	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	90% 70% 0%	\$4,500,000	\$2,168,000	48%	11/1/2011	11	5
LNG Plant Generators Install	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 100%	\$2,100,000	\$2,094,100	100%	12/31/2009	4	4
							\$105,250,000	\$96,939,851			127	173.5

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, materials 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
2010 Capital Spending Summary
(Not Related To CIRT Projects)**

	Budgeted Spending For The <u>Budget Year</u>	Traditional Budget Actual Spending For The <u>Budget Year</u>	Budgeted Spending For The <u>Quarter</u>	Actual Spending For The <u>Quarter</u>
<u>2010 Capital Program</u>				
Blankets	\$27,573	\$33,627	\$6,212	\$10,025
Specials	\$11,136	\$10,018	\$79	\$4,922
Total Without New Business	\$38,709	\$43,645	\$6,291	\$14,947
<u>New Business</u>				
Blankets	\$24,150	\$26,625	\$6,435	\$7,302
Specials	\$20	\$4	\$0	\$4
Total New Business	\$24,170	\$26,629	\$6,435	\$7,306