



**South Jersey Gas**

Where we put all of our energy®

**Samuel A. Pignatelli**

Vice President,  
Revenue Requirements

May 2, 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:

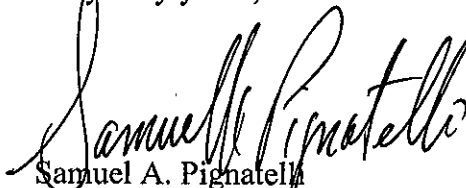
On January 20, 2009 South Jersey Gas Company filed a petition for authority to implement a Capital Investment Recovery Tracker (CIRT) in accordance with the Governor's Economic Stimulus Program. On April 28, 2009 the Board approved the petition under Docket No. GO09010051.

Pursuant to the Board's Order, South Jersey is filing its CIRT Quarterly Report for period ending March 31, 2011. 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 March 2011**

**Accelerated Main Replacements**

In 2010, SJG replaced 22.9 miles of main and 940 associated services. The total actual spend for this two year project is \$25,728,633 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.

**24" Malaga-Vineland Pipeline**

Install 15 miles of 24 inch diameter gas transmission line from Malaga in Franklin Township to the east end of the City of Vineland to improve delivery reliability. SJG's current estimate for this project is \$49,450,000. As of March 31, 2011, the total actual cost is \$47,906,076 with 14.7 miles of the transmission line installed. The remaining \$1,543,924 projected spend through June 2011 includes the security system installation, license fee, and restoration. Total jobs 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 four month completion delay was due to wet weather conditions and permitting delays.

**12" Rio Grande-Wildwood Pipeline**

Replace 3.2 miles of 6" steel pipe with 12" steel pipe in Middle Township and the City of Wildwood to improve delivery reliability. The estimated total cost for this project was \$4,000,000. As of March 31, 2011, the total actual cost is \$3,714,519 with 3.2 miles of steel pipe installed. The remaining projected spend through June 2011 is for valve installations. Total jobs 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 four month completion delay was due to wet weather conditions.

**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 March 31, 2011, the total actual cost is \$8,384,992. The remaining \$115,008 projected spend through June 2011 is for final road restoration. Total jobs 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 completion delay was due to delays in obtaining permits.

### **24" Black Horse Pike – Delilah Road**

Susequent to BPU approval as a qualified project and during the CIRT year, SJG discussed this project with the BPU Staff and Rate Counsel. It was decided to postpone this project to address projects of higher priority and to mitigate the impact of spending on the other qualified projects in excess of SJG's construction estimates on the total CIRT budget.

### **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 March 31, 2011, the total actual cost is \$5,417,817. The remaining \$2,085,183 projected spend through June 2011 includes road restoration and modifications to the distributions system to eliminate farm taps. Total jobs created for this project were estimated at 8; total jobs created to date are 8. The pipeline construction was completed and placed in-service in March 31, 2011. The 11 month completion delay was due to difficulty in securing property rights easement for the regulator station.

### **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 and monitor the pipeline and thus determine ways to improve its integrity. SJG's estimated total cost for this project was \$1,800,000. Total jobs created for this project were estimated at 5; total jobs created were 5. This project was completed and placed into service on December 31, 2009 at a total cost of \$1,605,000.

### **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. SJG's estimated cost for this project was \$600,000. As of March 31, 2011, the total actual cost is \$662,000. 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 contemplates filing a Petition with the Board of Public Utilities in May 2011 for authorization to increase the operating pressure on this pipeline segment from 350 to 437 psig. The estimated completion date of this project is November 1, 2011.

### **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. SJG's estimated total cost for this project was \$800,000. As of March 31, 2011, the total actual cost is \$560,000. Total jobs 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 May 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. SJG's estimated total cost for this project was \$4,500,000. As of March 31, 2011, we have spent \$2,441,000 for this job. Total jobs created for this project were estimated at 11; total jobs created to date are 7. 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. Total jobs 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.

Proposed Infrastructure Project (a)	Project Type (b)	Estimated Quantity (c)	Major Tasks (d)	Completed To Date (e)	Completed To Date (f)	Quantity/ Tasks Completed To Date (g)	Estimated Cost (h)	Actual Cost To Date (i)
Accelerated Main Replacements Accelerated Service Replacements	Renewal Main Renewal Services	380,000 192,500 572,500	1,925 services (est)	Various Various	385,061 171,820 556,881	100% 100%	\$21,380,000 \$4,820,000 \$26,000,000	\$21,797,553 \$3,991,080 \$25,728,633
24" Malaga-Vineyard Pipeline	Pipeline	15 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		77,616	100% 100% 100% 99% 99%	\$4,944,773 \$1,819,355 \$12,084,327 \$25,444,387 \$3,613,234 \$49,450,000	\$4,944,773 \$1,819,355 \$12,084,327 \$25,444,387 \$3,613,234 \$47,906,076
12" Rio Grande-Wildwood Pipeline	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		16,996	100% 100% 100% 99% 99%	\$182,577 \$27,461 \$970,657 \$2,264,121 \$269,703 \$4,000,000	\$182,577 \$27,461 \$970,657 \$2,264,121 \$269,703 \$3,714,519
12" Alco-Stokes Rd Pipeline	Pipeline	6 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		31,700	100% 100% 100% 99% 99%	\$202,314 \$24,138 \$950,614 \$6,387,249 \$820,677 \$8,500,000	\$202,314 \$24,138 \$950,614 \$6,387,249 \$820,677 \$8,384,992
1200 - BHP to Dablah 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 \$0 \$0	\$0 \$0 \$0 \$0 \$0
0989 - CMCH to Burleigh	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL		14,900	100% 100% 100% 98% 99%	\$326,624 \$52,590 \$1,031,552 \$3,483,211 \$523,840 \$7,500,000	\$326,624 \$52,590 \$1,031,552 \$3,483,211 \$523,840 \$5,417,817
Transmission Valve Upgrade	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 100%	\$1,800,000	\$1,605,000
20" Pipeline, Union Rd to Rt 50 Upgrade	Pipeline	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 100%	\$600,000	\$662,000
Swedesboro Station Upgrades	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100% 95%	\$800,000	\$560,000
Install new H-6 LNG vaporizer	Facility	1	Design Mat'l Procurement Construction TOTAL		0	95% 85% 15%	\$4,500,000	\$2,441,000
LNG Plant Generators Install	Facility	1	Design Mat'l Procurement Construction TOTAL	Yes Yes	0	100% 100%	\$2,100,000	\$2,094,100
							\$105,250,000	\$98,514,137

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

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	<b>Budgeted Spending For The <u>Budget Year</u></b>	<b>Traditional Budget Actual Spending For The <u>Budget Year</u></b>	<b>Budgeted Spending For The <u>Quarter</u></b>	<b>Actual Spending For The <u>Quarter</u></b>
<b><u>2010 Capital Program</u></b>				
Blankets	\$34,900	\$5,907	\$5,722	\$5,907
Specials	\$5,594	\$2,928	\$2,137	\$2,928
<b>Total Without New Business</b>	<b>\$40,494</b>	<b>\$8,835</b>	<b>\$7,859</b>	<b>\$8,835</b>
<b><u>New Business</u></b>				
Blankets	\$22,980	\$5,864	\$5,407	\$5,864
Specials	\$0	\$230	\$0	\$230
<b>Total New Business</b>	<b>\$22,980</b>	<b>\$6,094</b>	<b>\$5,407</b>	<b>\$6,094</b>