



**South Jersey Gas**

Where we put all of our energy®

**Samuel A. Pignatelli**

Vice President,  
Revenue Requirements

August 13, 2010

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

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

Dear Secretary Izzo:

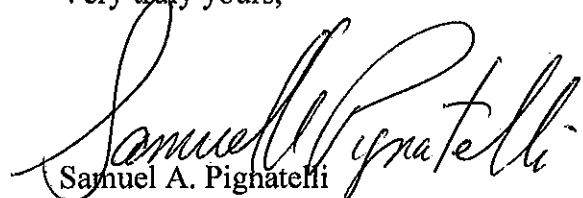
On January 20, 2009 South Jersey Gas Company filed a petition for authority to implement a Capital Investment Recovery Tracker (CIRT) in accordance with the Governor's Economic Stimulus Program. On April 28, 2009 the Board approved the petition under Docket No. GO09010051.

Pursuant to the Board's Order, South Jersey is filing its CORRECTED CIRT Quarterly Report for period ending June 30, 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: V. Fortkiewicz    J. May    S. Iannaccone    A. Reid    V. Fisher  
M. Beyer    M. Stonack    F. Thomas-Friel, Esq.    E. Lihan

**South Jersey Gas Company**  
**Quarterly Report on Capital Expenditures and Job Creation Related to**  
**Qualifying Projects**  
**Quarter Ending June 2010**

**Accelerated Main Replacements**

In 2010, we anticipate replacing 22 miles of main and 1,149 associated services. This will bring our total spending for this project to \$26,000,000 consisting of the replacement of 72 miles of main and 1,925 services. The actual cost to date is \$24,469,500. Total jobs estimated to be created for the projects are 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 anticipate the total estimated cost for this project will be \$49,450,000. As of June 30, we have spent \$47,645,242 and have installed 14.7 miles of the transmission line. Total jobs to be created for this project were estimated at 44; total jobs created to date are 77.6. The pipeline construction was completed in April. The nearly 4 month delay in completion were caused by delays in permitting causing a later start date with shorter daylight hours to work along with 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. We estimate that the total cost for this project will be \$4,000,000. As of June 30, we have spent \$3,790,207 and have installed 3.2 miles of steel pipe. Total jobs to be created for this project were estimated at 5; total jobs created to date are 10. The pipeline construction was completed in April. The nearly 4 month delay in completion was due to wet weather conditions and encountering contaminated soil and water that slowed progress of contractor.

**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 anticipate the total estimated cost for this project will be \$8,500,000. As of June 30, we have spent \$940,085. Total jobs to be created for this project were estimated at 10; total jobs created to date are 1.5. The anticipated completion date of 12/31/2009 has been extended to 10/30/2010 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. We project that the total estimated cost for this project will be \$7,500,000. As of June 30, we have spent \$873,496. Total jobs to be created for this project are estimated at 8; total jobs created to date are 1.2. The anticipated completion date of 06/30/2010 has been extended to 11/30/2010 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 anticipate the total estimated cost for this project will be \$1,800,000. As of June 30, we have spent \$1,557,000. Total jobs to be created for this project were estimated at 5; total jobs created to date are 5. The anticipated completion date of 12/31/2009 has been met and is now in-service; the remaining activities are limited to site restoration and clean up, which is 90% complete

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

Increase operating pressure of 10 mile pipeline to increase flow capacity on 20" transmission pipeline from City of Vineland to Estell Manor Township to improve delivery reliability. We anticipate the total estimated cost for this project will be \$600,000. As of June 30, we have spent \$555,000. 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 the existing 20" pipeline was performed in April of 2010. Resulting field investigations have been completed.

### **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 project that the total estimated cost for this project will be \$800,000. As of June 30, we have spent \$603,000. 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 restoration items remaining

### **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 project that the total estimated cost for this project will be \$4,500,000. As of June 30, we have spent \$1,577,000 for this job. Total jobs to be created for this project were estimated at 11; total jobs created to date are 4. This project was originally scheduled to be In-Service by 09/30/2010; this schedule has been revised to 12/31/2010 due to permitting requirements

**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 anticipated cost for this project has been increased from \$1,800,000 to \$2,100,000. As of June 30, we have spent \$2,012,000. Total jobs to be created for this project were estimated at 4; total jobs created to date are 4. This project was completed and put in service as of 12/31/2009, 15 days earlier than scheduled.

South Jersey Gas Company

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

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	380,000 192,500 572,500	1,925 services (est)	Various Various	335,000 122,575 457,575	Various Various	\$21,380,000 \$4,620,000 \$26,000,000	\$21,476,400 \$2,893,100 \$24,469,500	100.5% 64.8% 94.1%	Various Various	28	40
24" Malaga-Vineyard Pipeline	Pipeline	15 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various Various	77,616*	100% 100% 100% 99% 99% 99%	\$4,784,869 \$1,802,860 \$12,375,011 \$25,094,964 \$3,587,528 \$49,450,000	\$4,784,869 \$1,802,860 \$12,375,011 \$25,094,964 \$3,587,528 \$49,450,000	100% 100% 100% 99% 99% 96.35%	4/30/2010	44	77.6
12" Rio Grande-Widow Pipeline	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various Various	16,936*	100% 100% 100% 99% 99% 99%	\$1,822,577 \$27,461 \$1,125,609 \$2,178,953 \$275,505 \$4,000,000	\$1,822,577 \$27,461 \$1,125,609 \$2,178,953 \$275,505 \$4,000,000	100% 100% 100% 99% 99% 94.76%	4/30/2010	5	10
12" Alco-Stokes Rd Pipeline	Pipeline	6 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various Various	0*	90% 50% 60% 0% 10% 0%	\$157,375 \$24,138 \$871,105 \$0 \$87,457 \$890,085	\$157,375 \$24,138 \$871,105 \$0 \$87,457 \$890,085	11.06%	10/30/2010	10	1.5
1200 - BRP to Dalilah Road - Fire Rd 24*	Pipeline	2.7 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various Various	0*	80% 25% 80% 0% 10% 0%	\$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0 \$0 \$0				
0989 - CMCH to Berdigh	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various Various	0*	80% 50% 75% 0% 8% 0%	\$224,665 \$13,732 \$578,819 \$0 \$56,279 \$750,000	\$224,665 \$13,732 \$578,819 \$0 \$56,279 \$750,000	11.65%	11/30/2010	8	0
Transmission Valve Upgrade	Facility	1	Design Mat Procurement Construction TOTAL	Yes Yes	0*	100% 100% 100% 100%	\$1,800,000	\$1,557,000	87%	12/31/2009	5	5
20" Pipeline, Union Rd to RI 50 Upgrade	Pipeline	1	Design Mat Procurement Construction TOTAL	Yes Yes	0*	100% 100% 80% 100%	\$650,000	\$555,000	95%	12/31/2010	2	2
Sweetser Station Upgrades	Facility	1	Design Mat Procurement Construction TOTAL	Yes Yes	0*	100% 100% 50% 100%	\$600,000	\$603,000	75%	5/6/12/2010	2	2
Install new H-6 LNG vaporizer	Facility	1	Design Mat Procurement Construction TOTAL	Yes Yes	0*	50% 50% 0% 100%	\$4,500,000	\$1,377,000	35%	12/31/2010	11	4
LNG Plant Generators Install	Facility	1	Design Mat Procurement Construction TOTAL	Yes Yes	0*	100% 100% 100% 100%	\$2,100,000	\$2,012,000	96%	12/31/2009	4	4
							\$105,250,000	\$84,022,530			127	147.3

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.

**South Jersey Gas Company  
2010 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	\$27,573	\$13,081	\$14,041	\$8,105
Specials	\$11,136	\$4,871	\$4,791	\$2,807
<b>Total Without New Business</b>	<b>\$38,709</b>	<b>\$17,952</b>	<b>\$18,832</b>	<b>\$10,912</b>
<b><u>New Business</u></b>				
Blankets	\$24,150	\$12,615	\$5,050	\$6,530
Specials	\$20	(\$10)	(\$1)	\$0
<b>Total New Business</b>	<b>\$24,170</b>	<b>\$12,605</b>	<b>\$5,049</b>	<b>\$6,530</b>