



South Jersey Gas

Where we put all of our energy®

Samuel A. Pignatelli

Vice President,
Rates and Regulatory Affairs

October 26, 2009

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 first CIRT Quarterly Report for period ending September 30, 2009. 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
M. Beyer

J. May
M. Stonack

S. Iannaccone
F. Thomas-Friel, Esq.

South Jersey Gas Company
Quarterly Report on Capital Expenditures and Job Creation Related to
Qualifying Projects
Quarter Ending September 2009

Accelerated Main Replacements

The original filing included the replacement of 42 miles of bare steel main and 2200 associated services in 2009. Consistent with the response to RC-SJ-IN-POL-002, these figures were revised to 43.2 miles of bare steel main and 1400 associated services. Upon further review, the allocation of bare steel replacement projects between 2009 and 2010 was modified in order to allow for the projects to be completed in a more efficient and timely manner. This change resulted in an increase in 2009 from 43.2 miles to 56 miles and a reduction from 1400 associated services to 899 associated services. Any of the 2009 projects identified in the above referenced data response not completed this year will be moved to the 2010 CIRT project list for bare steel replacements.

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 Vineland to improve delivery reliability.

We anticipate the total estimated cost for this project will be \$40,000,000. As of September 30, we have spent \$15,777,540. Total jobs to be created for this project are set at 44; total jobs created to date are 3.2. The in-service date for this project is now estimated to be 01/31/2010 due to delays associated with receiving all required permitting and landowner approvals.

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 anticipate the total estimated cost for this project will be \$4,000,000. As of September 30, we have spent \$119,093. Total jobs to be created for this project are set at 5; total jobs created to date are 0.1. This project is on track to meet In-Service date of 12/31/2009, as originally submitted.

10" Atco-Stokes Road Pipeline

Replace 6 miles of 6" steel pipe with 10" 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 September 30, we have spent \$103,043. Total jobs to be created for this project are set at 10; total jobs created to date are 0.6. The anticipated completion date of 12/31/2009 has been extended to 06/30/2010 due to delays in permits.

24" Black Horse Pike – Delilah Road

Install 2.7 miles of 24 inch diameter gas transmission line from Black Horse Pike to Delilah Road in Egg Harbor Township to improve delivery reliability. We anticipate the total estimated cost for this project will be \$7,500,000. As of September 30, we have spent \$40,869. Total jobs to be created for this project are set at 8; total jobs created to date are 0.1. The anticipated completion date of 07/31/2010 has been extended to 12/31/2010 due to delays in finalizing a route, and anticipated 6 month CAFRA and SJTA permitting approval turnarounds.

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 anticipate the total estimated cost for this project will be \$7,500,000. As of September 30, we have spent \$75,565. Total jobs to be created for this project are set at 8; total jobs created to date are 0.3. The anticipated completion date of 06/30/2010 has been extended to 12/31/2010 due to extensive alternative route analyses, environmental permitting approvals for the pipeline and station, and an anticipated summer season construction moratorium.

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 West Deptford 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 September 30, we have spent \$430,000. Total jobs to be created for this project are set at 5; total jobs created to date are 1.5. Construction on this project is 30% complete; the anticipated completion date of 09/30/2009 has been extended to 12/31/2009 due to delays in receiving materials and permits.

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 \$1.8 million to \$2.1 million. As of September 30, we have spent \$1,062,000. Total jobs to be created for this project are set at 4; total jobs created to date are 2. Design is nearing completion, long lead materials have been ordered, and construction is anticipated to begin in September. The anticipated completion date of 09/30/2009 has been extended to 01/15/2010 due to equipment lead times.

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 September 30, we have spent \$190,000. Total jobs to be created for this project are set at 2; total jobs created to date are 0.1. Construction is 10% completed. The anticipated completion date of 11/30/09 has been extended to 6/30/10 due to the operational issues precluding the pipeline assessment being performed during the winter months.

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 anticipate the total estimated cost for this project will be \$800,000. As of September 30, we have spent \$260,000. Total jobs to be created for this project are set at 2; total jobs created to date are 0.1. Construction is anticipated to begin in early October. The anticipated completion date of 07/31/2009 has been extended to 12/31/2009 due to equipment lead times.

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 anticipate the total estimated cost for this project will be \$4,500,000. As of September 30, we have spent \$227,000 for this job. Total jobs to be created for this project are set at 11; total jobs created to date are 0.5. The in-service date for this project is now estimated to be 10/31/2010 due to extensive design requirements and projected material lead time requirements for the specialty components.

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

Proposed Infrastructure Projects (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	Renewal Main	286,246	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Various	138,663	Various	\$17,939,532	\$5,327,970	35.3%	Various	28	9.7
24" Malaga-Vineyard Pipeline	Pipeline	19 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Yes Yes	0'	95% 98% 95% 0%	\$3,261,648 \$52,956 \$10,720,573 \$0	\$1,742,363	39.44%	1/31/2010	44	3.2
12" Rio Grande-Watwood Pipeline	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Yes Yes	0'	98% 90% 90% 0%	\$40,511 \$24,306 \$46,601 \$0	\$7,875	2.96%	12/31/2009	5	0.1
10" Atco-Stokes Rd Pipeline	Pipeline	6 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Yes Yes	0'	60% 25% 0% 0%	\$88,300 \$8,091	\$5,662	1.21%	6/30/2010	10	0.6
1200 - BTP to Dallah Road - Fire Rd 24*	Pipeline	2.7 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Yes Yes	0'	20% 0% 0% 0%	\$38,235 \$0 \$0 \$0	\$2,634	0.54%	12/31/2010	8	0.1
0899 - CHICK to Burleigh	Pipeline	3 Miles	Engineering Permitting Materials Acquisition Construction Administrative/Overhead TOTAL	Yes Yes	0'	30% 0% 0% 0%	\$74,269 \$0 \$0 \$0	\$1,296	1.01%	12/31/2010	8	0.3
Transmission Valve Upgrade	Facility	1	Design Material Procurement Construction TOTAL	Yes Yes	0'	100% 100% 30%	\$430,000	\$430,000	24%	12/31/2009	5	1.5
20" Pipeline, Union Rd to Rt 50 Upgrade	Pipeline	1	Design Material Procurement Construction TOTAL	Yes Yes	0'	100% 100% 25%	\$190,000	\$190,000	32%	6/30/2010	2	0.1
Swedesboro Station Upgrades	Facility	1	Design Material Procurement Construction TOTAL	Yes Yes	0'	50% 75% 0%	\$260,000	\$260,000	33%	12/31/2009	2	0.1
Install new H-6 LNG vaporizer	Facility	1	Design Material Procurement Construction TOTAL	Yes Yes	0'	50% 10% 0%	\$227,000	\$227,000	5%	10/31/2010	11	0.5
LNG Plant Generators Install	Facility	1	Design Material Procurement Construction TOTAL	Yes Yes	0'	100% 100% 40%	\$1,062,000	\$1,062,000	51%	1/15/2010	4	2
							\$95,239,532	\$24,613,081			127	18.2

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 Grant Chart, South Jersey Gas Company will provide the information required in this Appendix F.
 4. Columns (n) thru (o) are included on Appendix F, page 2 of 2.

**South Jersey Gas Company
2009 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>2009 Capital Program</u>				
Blankets	\$28,120	\$20,764	\$5,635	\$5,730
Specials	\$5,262	\$4,852	\$1,446	\$1,599
Total Without New Business	\$33,382	\$25,616	\$7,081	\$7,329
<u>New Business</u>				
Blankets	\$18,226	\$16,607	\$6,532	\$6,204
Specials	\$1,751	\$1,453	\$175	\$477
Total New Business	\$19,977	\$18,060	\$6,707	\$6,681