

RESOLUTION NO. 2014-294

A RESOLUTION AUTHORIZING THE EXECUTION OF A PIPELINE CONSTRUCTION AGREEMENT BETWEEN THE CITY OF VINELAND AND SOUTH JERSEY GAS COMPANY FOR THE CONSTRUCTION AND OPERATION OF A GAS TRANSMISSION PIPELINE TO SERVE A NEW NATURAL GAS-FIRED TURBINE GENERATOR AT THE CLAYVILLE GENERATION STATION.

WHEREAS, the Vineland Municipal Electric Utility plans to construct and operate a new Natural Gas-Fired Turbine Generator at the Clayville Generation Station to produce and provide electricity to its customers; and

WHEREAS, South Jersey Gas Company is a public utility regulated by the New Jersey Board of Public Utilities (BPU) engaged in the transmission, distribution, transportation and sale of natural gas whose defined service territory includes the Clayville Generation Station location;

WHEREAS, South Jersey Gas Company desires reasonable assurances that if it installs this new pipeline, the Facility will be constructed;

WHEREAS, under the Pipeline Agreement, South Jersey Gas shall construct, own, operate and maintain a new nine hundred foot long, eight inch diameter lateral connecting the City's Clayville Generating Station to South Jersey Gas' infrastructure; and

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Vineland that the Mayor and Clerk of the City of Vineland are hereby authorized to execute the Pipeline Construction Agreement between the City of Vineland and South Jersey Gas Company in connection with the construction and operation of a natural gas transmission pipeline to serve a new Natural Gas-Fired Turbine Generator at the Clayville Generation Station.

Adopted:

President of Council

ATTEST:

City Clerk



Steven M. August

Assistant Engineer

saugust@vinelandcity.org

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640 E. Wood Street

PO Box 1508

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Phone: (856) 794-4000 x4241

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July 7th 2014

City Council,

The Vineland Municipal Electric Utility (VMEU) Generation Division is requesting approval to enter into a pipeline construction agreement with South Jersey Gas (SJG). Under this agreement SJG, our region's natural gas Local Distribution Company, shall construct, own, operate, and maintain a new nine hundred foot long, eight inch diameter lateral connecting the City's Clayville Generating Station to SJG's gas infrastructure. This agreement also establishes a fixed transportation rate for providing natural gas fuel for the purpose of electric generation.

The agreement shall be for a term of fifteen (15) years commencing with the commercial operation of the Clayville Unit 1 Generating Station, and shall continue thereafter from year to year unless terminated by either party at least six (6) months prior to the end of any yearly term, or the initial term. The monthly fixed charges for firm transportation total \$20,735.55. In addition, based on a yearly operating profile of two thousand hours, the monthly volumetric charges total \$5,307.25. Therefore, the total yearly amount due to SJG will be \$312,513.60. If there are any further questions feel free to contact me at extension 4241.

Sincerely,

Steven August 7/7/2014

Steven M. August
Assistant Engineer
Vineland Municipal Electric Utility
Engineering Division
211 N. West Avenue
P.O. Box 1508
Vineland, NJ 08360
saugust@vinelandcity.org
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Approved by:

[Signature] 7/7/14

**Send Copies To: Purchasing Division
Business Administration**

Clayville Gas Contract Costs D-1 = \$1.53 2000 hours per year - With SBC - Rev 3-20-14

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Daily Demand Volume (MCF)	13435	13435	13435	13435	13435	13435	13435	13435	13435	13435	13435	13435	
Daily Demand Volume (Dth)	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	14160.49	
D-1 Charge (\$/MCF)	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	\$ 1.530	
Total D-1 Charge (\$)	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 20,555.55	\$ 246,666.60
Customer Charge (\$)	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 2,160.00
Total Fixed Charges (\$)	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 20,735.55	\$ 248,826.60
Estimated Hours	166.7	166.7	166.7	166.7	166.7	166.7	166.7	166.7	166.7	166.7	166.7	166.7	2000.4
Usage (MCF)	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	95,019.0	1,140,228.0
Usage (Therms)	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	1,001,500.3	12,018,003.1
C-3 Charge (\$/therm)	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	\$0.0666	
Total C-3 Charge (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balancing Charge (\$/therm)	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	\$ 0.0025	
Total Balancing Charge (\$)	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 2,503.75	\$ 30,045.01
SBC Basis (C1's+EET)*Usage	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	\$ 90,435.47	
3.1% SBC Charge (\$)	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 2,803.50	\$ 33,642.00
Total Volumetric Charges (\$)	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 5,307.25	\$ 63,687.00
Total Charges with SBC (\$)	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 26,042.80	\$ 312,513.60

Run hours = 2,000

Demand Volume reflects hourly gas usage estimate of 590 MMBtu/hour (per SJG 3-11-14 e-mail)

Volume in Dth calculated using conversion factor of 1.054 Dth/MCF (per SJG 3-11-14 e-mail)

PIPELINE CONSTRUCTION AGREEMENT

This PIPELINE CONSTRUCTION AGREEMENT ("Agreement") is made as of this ___ day of _____ 2014 ("Effective Date"), by and between the City of Vineland, New Jersey, Department of Municipal Utilities ("VMU") having an address of 640 East Wood St., Vineland, New Jersey, and South Jersey Gas Company ("SJG"), a New Jersey public utility corporation having an address of 1 South Jersey Plaza, Folsom, New Jersey (each referred to herein as a "Party" and all collectively referred to herein after as the "Parties").

WITNESSETH:

WHEREAS, VMU plans to construct and operate a new natural gas-fired turbine generator at the Clayville Generation Station ("Facility") to produce and provide electricity to its customers; and

WHEREAS, VMU intends to complete construction and to commence testing of the Facility during the first quarter of 2015; and

WHEREAS, VMU intends to commence operating the Facility by the second quarter of 2015; and

WHEREAS, SJG is a public utility corporation of the State of New Jersey and is engaged in the transmission, distribution, transportation and sale of natural gas within its defined service territory within the State of New Jersey; and

WHEREAS, the Facility is located in the SJG defined service territory within the State of New Jersey; and

WHEREAS, VMU intends to power the Facility with natural gas transported by SJG to the Facility on a newly constructed transmission pipeline running from South Lincoln Avenue, Vineland, New Jersey directly to the Facility; and

WHEREAS, SJG desires reasonable assurances that if it installs this new pipeline, the Facility will be constructed; and

WHEREAS, VMU and SJG have agreed that it would be to their mutual benefit for SJG to construct, own, operate, and maintain such new pipeline to serve the Facility in accordance with the terms set forth in this Agreement;

NOW, THEREFORE, for the purpose set forth above and in consideration of the promises and mutual covenants contained in this Agreement, it is hereby agreed as follows:

A. New Pipeline.

SJG shall construct, own, operate and maintain such pipeline facilities as are described herein to interconnect the Facility to SJG's existing transmission system as follows:

1. The new pipeline facilities (the "New Pipeline") shall be approximately 900 linear feet long, 8 inches in diameter, interconnecting with SJG's existing transmission system on South Lincoln Avenue and running to the point of interconnection at the Facility which shall be the downstream side of the regulator at the Facility (the "Customer Interconnect Point").

2. SJG shall employ public and private rights-of-way for the New Pipeline and related facilities. SJG shall use commercially reasonable efforts to obtain all necessary easements, licenses, land agreements and rights-of-way to permit the construction, operation and maintenance of the New Pipeline in an expeditious but cost-effective manner. VMU shall provide SJG with access to the Facility from the property line of the parcel on which the Facility will be located up to the Customer Interconnect Point (the "Land Rights"), pursuant to customary documentation in form and substance mutually acceptable to the parties, acting in good faith, as necessary for SJG to construct, operate, maintain, repair and replace those portions of the New Pipeline, appurtenances and meter owned by SJG and located at the Facility.

3. The Parties shall cooperate and coordinate in the permitting and construction plan for the New Pipeline and the Facility.

4. SJG shall use commercially reasonable efforts to complete permitting and construction of the New Pipeline and appurtenant facilities as expeditiously and cost effectively as possible within commercially acceptable time frames as provided in Exhibit B. For the Parties' mutual planning purposes only, the Parties agree that the scheduled completion date for construction of the New Pipeline shall be December 1, 2014 (the "Completion Date"). Barring *force majeure* or other delaying factors beyond SJG's reasonable control, SJG shall use all commercially reasonable efforts to have the New Pipeline in service by the Completion Date. Once in service, SJG shall provide service to VMU's Facility exclusively through the New Pipeline operated in accordance herewith.

5. The Parties shall execute any additional documents reasonably necessary to carry out the terms of this Agreement.

B. Assurances and Payments

1. Prior to construction of the New Pipeline, VMU shall notify SJG that the Facility has been funded and a construction contract for the Facility has been executed. No escrow or deposit shall be required from VMU, provided, however, that in the event that VMU does not commence taking gas from SJG for the operation of the Facility within nine months from December 1, 2014, VMU shall buy and SJG shall sell, all rights, title, interest and assets of the New Pipeline to VMU, including all appurtenances, easements, rights of way, licenses, guarantees, and the right to interconnect with the SJG transmission line at South Lincoln Avenue, for lower of actual construction, design engineering, permitting, labor and material cost for the work performed in Exhibit B or \$630,000 plus tax effect, which sale shall be evidenced

by a bill of sale (the "Bill of Sale") sufficient to transfer title to VMU. The parties further agree that after the date of such Bill of Sale, if VMU shall complete construction of the Facility and take service from SJG within five (5) years of the date of said Bill of Sale, upon sixty days notice SJG will buy back the New Pipeline and all rights and interests sold to VMU for a sum of \$630,000 less accumulated depreciation at the rate of 1.8% per annum or 0.150% per month, commencing with the date of said Bill of Sale. After five (5) years from the date of said Bill of Sale, all obligations of SJG to buy back the New Pipeline shall terminate.

C. Service Agreement.

By June 30, 2014, the Parties will execute the attached EGS-LV Agreement and the addenda thereto. If the New Jersey Board of Public Utilities approves an updated or successor EGS-LV Agreement, the Parties agree to execute the most current EGS-LV Agreement and addenda thereto.

D. Representations and Warranties.

Each Party to this Agreement hereby represents and warrants as to itself as follows:

1. It has full power and authority to enter into this Agreement, the EGS-LV Agreement, and the documents identified in this Agreement, and to perform and comply with their respective terms, conditions and provisions; and
2. This Agreement has been duly authorized, executed and delivered by such Party.

Such representations and warranties shall be deemed to be continuing in nature from and after the date of this Agreement, and shall be deemed to have survived the consummation of the transactions described herein.

E. No Partnership.

This Agreement does not and shall not create a joint venture, partnership, or similar arrangement between SJG and VMU.

F. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same Agreement.

G. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey (without regard to the conflicts of law principles thereof).

H. Press Releases.

SJG and VMU agree that neither shall put forth any press release or similar publication as to the transactions contemplated hereby without first consulting with the other Party and obtaining such Party's prior written approval as to the contents thereof.

I. Entire Agreement/Benefit of Agreement.

This Agreement sets forth the sole expression of the Parties' intent as to the terms and conditions of this Agreement and there are no prior oral or written agreements between the Parties as to such terms and conditions. This Agreement is binding upon and shall inure solely to the benefit of the Parties hereto and their respective successors and assigns. There are no intended third-party beneficiaries of this Agreement.

J. Modification in Writing.

This Agreement may not be amended, and no provision may be modified, or waived, except by written agreement duly authorized and executed by the Parties.

K. Disputes; Arbitration.

1. Either Party (the "Initiating Party") may raise a concern regarding interpretation or clarification of this Agreement, or the acceptable performance thereof ("Dispute") by submitting a summary of the issue and its position with respect to said issue in writing to the non-Initiating Party. The non-Initiating Party shall, within thirty (30) days of receipt of the writing from the Initiating Party, respond with a written response of its position on the issue. Either Party may, after the exchange of written positions, send a Notice of Dispute to the other Party requesting a conference of management personnel with authority to resolve the Dispute. Such conference between management personnel designated by each of the Parties shall be held within ten (10) days of delivery of the Notice of Dispute or such other time as mutually agreed to by the Parties. In the event the Parties are unable to resolve the Dispute through the procedures set forth in this Section K. 1, either Party shall have the right to pursue the remedies in accordance with the procedures set forth in Section K. 2.

2. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach thereof, which cannot be resolved pursuant to the procedures described in Section K. 1 shall be resolved by arbitration. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award of the arbitrators shall be final, and a judgment may be entered upon it by any court having jurisdiction. The Party that invokes this arbitration provision shall serve written notice upon the other Party of its intention to do so, which notice shall state a clear claim, and shall request the American Arbitration Association to appoint a neutral arbitrator within fourteen (14) days who is knowledgeable in matters pertaining to the performance of this Agreement and to the subject matter of the dispute. If the Parties cannot agree on a neutral arbitrator proposed by the American Arbitration Association after the American Arbitration Association has tendered two names, the American Arbitration Association shall appoint the neutral arbitrator. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then prevailing, and shall be conducted in Atlantic City, New Jersey, unless the Parties agree otherwise.

Discovery shall be made available in accordance with the procedures set forth in the Federal Rules of Civil Procedure, but to a degree limited by the arbitrator as the arbitrator deems appropriate to render the proceedings economical, efficient, expeditious and fair. Each Party shall bear its own costs of the arbitration and the Parties shall equally divide the fees and costs of the arbitrator.

3. During the pendency of any Dispute, the Parties will continue to perform the obligations imposed upon them under this Agreement to the fullest extent possible, without prejudice to their respective positions in the dispute.

L. Condition Precedent

1. Except as provided in Paragraph L.3., the obligations of the Parties to this Pipeline Construction Agreement and the attached Standard Gas Service Agreement (EGS) are contingent upon the issuance of a Final Approval Order. SJG shall apply for approval no later than July 31, 2014.

2. "Final Approval Order" shall mean an order of the New Jersey Board of Public Utilities (or successor agency) approving the Standard Gas Service Agreement (EGS), as to which the time for filing an appeal as of right has expired, and as to which there are no appeals, petitions for reconsideration, petitions for re-argument or similar petitions pending.

3. This condition precedent shall not apply to Paragraph B, Assurances and Payments, which shall have no such condition precedent.

IN WITNESS WHEREFORE, VMU and SJG have duly executed and delivered this Agreement on the date first above set forth.

SOUTH JERSEY GAS COMPANY

By: _____
Name:
Title:

CITY OF VINELAND, NEW JERSEY

By: _____
Name:
Title:

EXHIBIT A – EGS-LV AGREEMENT

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10 - GAS

Original Sheet No 150

STANDARD GAS SERVICE AGREEMENT (EGS)

This Agreement entered into this _____ day of _____, 2014, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and _____ **The City of Vineland New Jersey, Department of Municipal Utilities**, hereinafter referred to as "Buyer."

WITNESSETH:

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule EGS ; or Rate Schedule EGS-LV : at **Clayville Generating Station, 4087 South Lincoln Avenue, Vineland NJ** as follows:

ARTICLE I
Term of Agreement

This Agreement shall be effective from the date of execution. The sale and purchase of gas hereunder shall commence on May 1, 2014 and continue until April 30, 2029, and subject to Seller's possession of an adequate supply of gas (except for Rate Schedule EGS-LV customers electing Rider "D" and Rate Schedule EGS Firm Transportation customers), shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term, or the initial term.

ARTICLE II
Facilities Charge

In consideration for Seller's agreement to provide service as described in this agreement, Buyer agrees to pay a facilities charge of \$ -0- at the time of execution of Standard Gas Service Agreement (EGS), which represents the initial estimate of the capital cost of providing service to the Buyer's facility or some agreed upon portion thereof. This payment will be refunded or credited against the customer security deposit, after the first month of the provision of gas service to the customer. If the Buyer terminates this agreement or fails to initiate service hereunder, or fails to make any deposit required by Article III, this sum shall be retained by the Seller.

ARTICLE III
Commitment Fee

Each potential payment obligation of Buyer under this Article III, shall be deposited with the Company twelve (12) months in advance, without interest, if gas service commences more than twelve (12) months from the effective date of this agreement, the Buyer shall pay to Seller, a nonrefundable commitment fee of \$ -0-, which shall be equal to one month's minimum bill, and shall pay an equal amount on each anniversary date of the effective date of this Standard Gas Service Agreement (EGS), until gas service commences.

Pursuant to this Article III, Buyer hereby deposits with the Company, and the Company hereby acknowledges a deposit of \$ -0-.

Issued January 15, 2010
by South Jersey Gas Company,
E. Graham, President

Effective with service rendered
on and after September 17, 2010

Filed pursuant to Order in Docket No. GR10010035 of the Board of
Public Utilities, State of New Jersey, dated September 17, 2010

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10 - GAS

Original Sheet No 151

**STANDARD GAS SERVICE AGREEMENT (EGS)
(Continued)**

**ARTICLE IV
Buyer Security Deposit**

Seller may require from Buyer a security deposit which will be due before the commencement of gas service. This deposit will be equal to the estimated amount of two (2) monthly billings for Buyers served under Rate Schedule EGS-LV and intending to utilize Rider D and for Rate Schedule EGS Firm Transportation customers and three (3) monthly billings for Buyers intending to utilize the Company's gas supply. \$0.

**ARTICLE V
Duly Constituted Authorities**

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

**ARTICLE VI
Tariff for Gas Service**

All terms and conditions set forth in Seller's Tariff for Gas Service B.P.U.N.J. No. 10 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff for Gas Service and more specifically by the conditions contained in the Rate Schedule contracted for herein.

**ARTICLE VII
Service Volumes**

1. For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demands shall be:
 - a. Firm - n/a Mcf per day, to be the first gas through the meter each day.
 - b. Limited Firm - n/a Mcf per day, to be the next gas through the meter each day.
2. Buyer hereby elects, by signing in the space below to provide its own gas pursuant to Rider D. All or any portion of Buyer's Firm Daily Contract Demand and Limited Firm Daily Contract Demand, pursuant to this Article VII of the Standard Gas Service Agreement (EGS), may be met through Rider D, and Seller has no obligation to sell gas to Buyer under any other article, paragraph or provision of Rate Schedule EGS-LV or the Standard Gas Service Agreement (EGS).

Buyer hereby elects Rider D _____ .

For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demand levels provided pursuant to Rider D shall be:

**Issued January 15, 2010
by South Jersey Gas Company,
E. Graham, President**

**Effective with service rendered
on and after September 17, 2010**

**Filed pursuant to Order in Docket No. GR10010035 of the Board of
Public Utilities, State of New Jersey, dated September 17, 2010**

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10 - GAS

Original Sheet No 152

STANDARD GAS SERVICE AGREEMENT (EGS)
(Continued)

- a. Firm - 13.435 Mcf per day.
- b. Limited Firm - n/a Mcf per day.
3. For service rendered under Rate Schedule EGS, customer's Firm Daily Contract Demand shall be:
n/a Mcf per day, to be the first gas through the meter each day.
4. For service rendered under Rate Schedule EGS Firm Transportation Service:
The Company agrees to transport and deliver to the Buyer at the Buyer's facility designated on the first page of this Agreement such quantity of gas that Buyer makes available from time to time; provided, however, Company shall not be obligated to transport and deliver more than n/a Mcf per day which will be Buyer's Contract Demand.

It is understood by Buyer and Seller, that by electing to take delivery of gas under Rate Schedule EGS Firm Transportation Service, Buyer forgoes any right or entitlement to purchase the Company's firm system gas, during the term of this Agreement. After the term of this Agreement, if Buyer requests that the Company sell firm system gas to the Buyer, the Buyer shall be treated as a new applicant for service, with no greater entitlement to firm gas sales service than is had by any other New Customer.

ARTICLE VIII
Rates

n/a As provided in the Monthly Rate section of Rate Schedule EGS; or
Negotiated rates pursuant to Special Provision (e) of Rate Schedule EGS-LV:

D-1 charge will be \$1.53 per MCF.

Limited Firm:

C-3 charge will be n/a . **ALL CUSTOMERS MUST COMPLETE.**

Issued January 15, 2010
by South Jersey Gas Company,
E. Graham, President

Effective with service rendered
on and after September 17, 2010

Filed pursuant to Order in Docket No. GR10010035 of the Board of
Public Utilities, State of New Jersey, dated September 17, 2010

STANDARD GAS SERVICE AGREEMENT (EGS)

(Continued)

ARTICLE IX

Election

By checking the box at the end of this sentence, customer elects to take balancing service under Rider "I", rather than under Rider "J" to this Tariff.

ARTICLE X

Opt-Out Provision

Buyer (a Rate Schedule EGS-LV customer) hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide its own interstate pipeline capacity and gas supply to Seller's City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rider "I". If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rider "I". Buyer will be subject to the opt-out provisions provided for in the Company's tariff.

Initials

ARTICLE XI

Force Majeure

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff for Gas Service, B.P.U.N.J. No. 10 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

ARTICLE XII

Miscellaneous

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10 - GAS

Original Sheet No. 154

**STANDARD GAS SERVICE AGREEMENT (EGS)
(Continued)**

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ATTEST:

SOUTH JERSEY GAS COMPANY

By:

(Name)

(Title)

SELLER

THE CITY OF VINENLAND NEW JERSEY

ATTEST:

BUYER

**Issued January 15, 2010
by South Jersey Gas Company,
E. Graham, President**

**Effective with service rendered
on and after September 17, 2010**

**Filed pursuant to Order in Docket No. GR10010035 of the Board of
Public Utilities, State of New Jersey, dated September 17, 2010**

EXHIBIT B – PROJECT SCHEDULE

**DESIGN, PERMITTING AND CONSTRUCTION OF NATURAL GAS 8”
PIPELINE & METER STATION
FOR THE VMEU CLAYVILLE GENERATING STATION**

	weeks	Start	Finish
Base mapping	2	5/4/2014	5/24/2014
Detail Design	4	5/18/2014	6/21/2014
Permitting, Roads (Cumberland, Vineland), Soil Cons.	6	6/22/2014	8/9/2014
Notify NJBPU (minimum 45 days prior to construction)	7	6/28/2014	8/22/2014
Materials, Pipeline	6	5/25/2014	7/12/2014
Materials, Meter Station	18	5/25/2014	10/4/2014
Preparation of Bid Specs and Contract Award	3	7/27/2014	8/23/2014
Construction, Pipeline	4	8/24/2014	9/27/2014
Construction, Meter Station	6	10/5/2014	11/22/2014
Testing, cleaning, purging, tie-ins, pickling	1	9/28/2014	10/11/2014