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South Jersey Industries upgrading natural-gas pipeline

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South Jersey Industries plans to complete a \$40 million pipeline improvement project by 2010 and still anticipates growth in new customers and casino-related revenue despite the current economic downturn.

In a presentation to industry analysts Wednesday, SJI officials said their regulated utility, South Jersey Gas, is upgrading pipeline infrastructure to support new development in the Atlantic City and southern New Jersey region. SJI expects to recover the cost of the upgrade through its rates.

The natural gas utility stands to benefit from more customers, as energy costs skyrocket and consumers seek cheaper alternatives to the price of home heating oil, which is expected to increase by an average of 30 percent from last winter.

The Natural Gas Supply Association said Thursday that supplies of natural gas for this winter are expected to exceed the five-year average, keeping prices in line with last winter.

South Jersey Gas has seen an increase in new customers -- a trend it says should continue into 2009. In August, it reported adding 4,559 customers during the 12-month period ending June 30, bringing its total to nearly 336,500. The 1.4 percent increase came despite the significant slowdown in the new housing construction market.

Folsom-based SJI also is in a partnership to develop a thermal energy facility for the Las Vegas casino Echelon. The \$300 million project is being created in a partnership with Marina Energy, a subsidiary of SJI, and DCO Energy in Mays Landing. Construction of the casino, however, was delayed this summer because of the tightening credit markets. Meanwhile, Marina Energy has signed on to develop a similar energy facility for the \$2.5 billion Revel casino project in Atlantic City, which is already under construction.

SJI's stock closed at \$36.30 per share Thursday, up 46 cents.

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