

**Supplementary
Information**

City of Clearwater, Florida
Continuing Disclosure – Gas System Revenue Bonds
Series 1996A, 1997A&B, and 1998
Supplementary Information

The System:

Rates, Fees and Charges

The City Commission has established a schedule of rates and charges by ordinance, which includes a purchased gas cost adjustment provision allowing the City to pass-through to customers any increase or decrease in the purchased price of gas. The City is not subject to regulation by any State agency in establishing or revising its rates. Where competitive fuel sources or transportation service are available to the customer, the City Commission has authorized the City Manger to enter into contract gas service rates at special rates and/or conditions as required to obtain/retain the customer load. Such contract service must meet the normal construction feasibility formula to insure profitable payback to the City. As of September 30, 2003, contract rates applied to 737 customer accounts and impacted 30.28% of total revenues.

The rates charged by the System through September 30, 1996, were part of the Phase I Gas Rate Case implemented October 1, 1995, which was based on a comprehensive cost of service study performed by the Utility Advisory Services Group of the international accounting firm of Coopers & Lybrand, LLP (the "Rate Study"). This Phase I implementation resulted in an extensive overhaul of the Gas System customer rates, providing numerous classes of service and a modernized billing methodology.

The new rates, effective October 1, 1996, were designed to be industry-based and responsive to the competitive energy challenges. The goal of the Rate Study was to establish rates which would be fair to all classes of customers, provide funding to implement planned expansion in both existing northern Pinellas County services area and into the newly acquired southwestern Pasco service area, and provide an adequate growth potential in return to the City of Clearwater to further offset the ad valorem tax rates (current impact is about 0.5 mills).

As the result of experiences during the first seven months of the Phase I implementation, adjustments made to the Phase II rates were implemented October 1, 1996 and additional adjustments (Phase III) were implemented effective October 1, 1997. The total projected impact of both new phases of the rate case is \$1.05 million or less than 7.9% of total gas sales revenues.

The rate ordinance containing the Phase II and Phase III rate changes was approved by the City Commission on June 6, 1996.

City of Clearwater, Florida
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CLEARWATER GAS SYSTEM
NATURAL GAS RATE BILLING FACTORS
FOR MARCH 1, 2003 - SEPTEMBER 30, 2003 BASED ON APPROVED GAS ADJUSTMENT FACTORS

	Firm Natural Gas Rate Schedules												Interr. NG Rate IS	Contract NG Rate CNS		
	RS	SME	MME	LMF	SGS	MGS	LGS	RAC	GAC	LAC	SL	SL w/M & Reight			NGV	NSS
Applicable Annual Therm Range or Other Rate Determinant	NA (1 - 3 Units)	NA (4 + Units)	NA (4 + Units)	NA (4 + Units)	0 - 17,999	18,000- 99,999	100,000 & up	NA (1 - 3 Units)	NA (0 - 149 tons)	NA (150 tons & +)	NA	NA	NA	NA	100,000 & up	NA
Monthly Customer Charge	\$7.00	\$15.00	\$20.00	\$50.00	\$15.00	\$20.00	\$50.00	\$7.00 if not prev. billed	\$15.00 if not prev. billed	\$20.00 if not prev. billed	\$15.00	\$7 Resl./ \$15 GS if not prev. billed	\$30.00	\$100.00	By Contract	
Non-Fuel Energy Charge/Therm																
Non-Fuel Energy Charge	\$0.580	\$0.580	\$0.580	\$0.470	\$0.410	\$0.410	\$0.350	\$0.200	\$0.150	\$0.100	\$0.200	\$0.300	\$0.100	\$0.470	\$0.280	By Contract
Energy Conservation Adj. (ECA)	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	NA	NA
Environmental Imposition Adj. (EIA)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	NA	NA
Weather Normalization Adj. (WNA)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Contract + \$0.000
Total Non-Fuel Energy Charge	\$0.740	\$0.740	\$0.740	\$0.740	\$0.570	\$0.570	\$0.510	\$0.360	\$0.310	\$0.260	\$0.360	\$0.460	\$0.260	\$0.630	\$0.280	Plus 0.750
Purchased Gas Adjustment (PGA)	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.820	0.750	\$0.750
Total Energy Charge/Therm	\$1.560	\$1.560	\$1.560	\$1.560	\$1.390	\$1.390	\$1.330	\$1.180	\$1.130	\$1.080	\$1.180	\$1.280	\$1.080	\$1.450	\$1.030	+ Non-Fuel Customer Charge + \$0.750
Minimum Monthly Bill	\$7.00	\$15.00	\$20.00	\$50.00	\$15.00	\$20.00	\$50.00	\$7.00 @ premise	\$15.00 @ premise	\$20.00 @ premise	\$15.00 @ premise	\$15.00 @ premise	\$15 GS @ premise + FAC	\$30.00 + FAC	\$100.00 + Non-Fuel Therm Rate for 250 therms X # of Therms	\$0.681
Compares to LP/Gallon Rate of with 6.0% Franchise	\$ 1.427	\$ 1.427	\$ 1.427	\$ 1.427	\$ 1.327	\$ 1.272	\$ 1.217	\$ 1.080	\$ 1.034	\$ 0.988	\$ 1.080	\$ 1.171	\$ 0.988	\$ 1.327	\$ 0.942	\$0.069
% Change from 01/01 Therm Rate	(\$0.330) -17.5%	(\$0.330) -17.5%	(\$0.330) -17.5%	(\$0.330) -17.5%	(\$0.330) -18.5%	(\$0.330) -19.2%	(\$0.330) -19.9%	(\$0.330) -21.9%	(\$0.330) -22.5%	(\$0.330) -23.4%	(\$0.330) -21.9%	(\$0.330) -20.5%	(\$0.330) -23.4%	(\$0.330) -18.5%	(\$0.360) -25.9%	(\$0.360) -32.4%
Utility Tax Note:																
Fuel Rate per Therm 10/01/73	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.055	\$0.069
Non-Utility Taxable Fuel/Therm	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.751	\$0.695	\$0.681
BTU FACTOR = THERMS/100 CUBIC FEET (CCE)																
Firm Service Rates	1.055	1.061	1.056	1.056	1.068	1.061	1.061	1.059	1.066	1.070	1.070	1.065	1.065	1.065	1.065	1.065
Interruptible Service Rates	1.034	1.041	1.035	1.035	1.047	1.041	1.040	1.038	1.045	1.049	1.049	1.044	1.044	1.044	1.044	1.044

City of Clearwater, Florida
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Service Area

The Clearwater Gas System (CGS) is owned and operated as an enterprise utility by the City of Clearwater. CGS operates over 685 miles of underground gas main and handles the supply and distribution of both natural and propane (LP) gas throughout northern Pinellas County and western Pasco County. As a “full service” gas utility, CGS provides gas appliance sales, service and repair (both commercial and residential), installation of customer gas piping, construction and maintenance of underground gas mains and service lines, and 24 hour response to any gas emergency call within the service area. CGS is regulated for safety by the Florida Public Service Commission and the Federal Department of Transportation.

CGS has been serving customers in the Clearwater area for over 80 years (since 1923) when operations were begun with a manufactured gas plant operation from coal and coke. In 1959, when natural gas transmission lines were finally extended to the Florida peninsula, CGS discontinued manufacturing gas and began receiving piped natural gas from Florida Gas Transmission.

Clearwater Gas System serves over 17,275 customers in a 298 square mile service territory, which includes 17 municipalities as well as the unincorporated areas of northern Pinellas County and western Pasco County. The Pinellas County service territory is 181 square miles and extends generally from Ulmerton and Walsingham Roads on the South to the Pasco County line on the North and from the Gulf of Mexico on the West to the Hillsborough County line on the East. This includes all of the Pinellas beach communities south to Redington Beach. The Pasco County service territory is 117 square miles and extends from the Gulf of Mexico on the West inland about 10 miles to just West of State Road 41 and Land O’ Lakes (generally along the right-of-way of the Suncoast Parkway) and from the Pinellas and Hillsborough County lines on the South to generally State Road 52 on the North. The CGS service territory extends 42.3 miles from the southernmost to the northernmost points.

Clearwater Gas System prides itself in being a competitive and public service-minded utility, providing safe, economical and environmentally-friendly gas, which is made in America, available in our communities for all of the homes and businesses in our service area, with special focus on the residential customers who make up over 87.5% of our customer base.

City of Clearwater, Florida
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As of September 30, 2003 the System's active natural gas customers were located as shown in the following table:

<u>Location</u>	<u>Meters</u>	<u>Percentage</u>
Belleair	355	2.27%
Belleair Beach	112	0.72%
Belleair Bluffs	20	0.13%
Belleair Shores	19	0.12%
Clearwater	6,996	44.76%
Dunedin	1,012	6.48%
Indian Rocks Beach	62	0.40%
Indian Shores	43	0.28%
Largo	1,015	6.49%
New Port Richey	194	1.24%
North Redington Beach	10	0.06%
Oldsmar	53	0.34%
Port Richey	11	0.07%
Redington Beach	5	0.03%
Redington Shores	10	0.06%
Safety Harbor	600	3.84%
Tarpon Springs	1,298	8.31%
Unincorporated Areas Pasco	1,258	8.05%
Unincorporated Areas Pinellas	2,556	16.35%
Total	<u>15,629</u>	<u>100.00%</u>

The following table shows the five largest interruptible customers by peak monthly consumption and the percent of the System's revenues derived from such customers during the 12 months ending September 30, 2003:

<u>Customer Name</u>	<u>Peak Monthly Therms</u>	<u>% of Gross Revenues</u>
Morton Plant Hospital	96,447	2.05%
National Linen Services, Inc.	88,834	2.00%
Metal Industries, Inc.	74,484	1.74%
Mease Hospital	61,333	1.17%
HCA Columbia Hospital	25,868	0.92%

The following table shows the breakdown of the System's customers by category as well as the volume of gas sold and the sales revenues generated by each category for the fiscal year ended September 30 2003:

	<u>Average No. Customers</u>	<u>Gas Volume</u>	<u>Gas Sales</u>
Interruptible	14	21.03%	10.79%
Residential	13,530	16.60%	25.27%
Commercial	2,085	62.37%	63.94%

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Refunding Revenue Bonds
Series 1993 and 1998; and Revenue Bonds Series 2002
Supplementary Information

Historical Financial Information

Water System:

Source and Volume of Water Pumped
(in million gallons per day, averaged over the Fiscal Year)

<u>FY</u>	<u>City Wells</u>	<u>County</u>	<u>Total</u>
1998	3.140	11.540	14.680
1999	3.070	12.094	15.164
2000	3.047	11.528	14.575
2001	3.067	11.260	14.327
2002	2.258	11.739	13.997
2003	3.927	8.916	12.843

Historical Growth in Number of Water Customers
(all figures are as of September of the year indicated)

<u>Year</u>	<u>Water Customers</u>
1998	38,440
1999	39,931
2000	39,562
2001	40,167
2002	40,340
2003	40,227

Ten Largest Water Customers
Fiscal Year Ending September 30, 2003

<u>Name of User</u>	<u>Water Used</u> <u>(in 100 Cubic Feet)</u>	<u>Revenues</u> <u>Produced</u>
1. Church of Scientology	98,532	\$ 286,028
2. Morton Plant Mease Hospital	77,932	269,031
3. Pinellas County Schools	46,516	250,442
4. Clearwater Housing Authority	53,120	158,058
5. United Dominion Realty Trust	50,853	131,561
6. Sheraton Sand Key	38,437	104,322
7. 880 Mandalay	34,038	99,174
8. AGH Leasing L/P	38,312	98,034
9. City of Clearwater	16,328	88,672
10. Countryside Mall	<u>22,783</u>	<u>84,166</u>
Total	<u>476,851</u>	<u>\$ 1,569,488</u>

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Refunding Revenue Bonds
Series 1993 and 1998; and Revenue Bonds Series 2002
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Sewer System:		Historical Growth in Number of Sewer Customers	
Average Sewage Flow		(as of September of the year indicated)	
<u>Fiscal Year</u>	<u>Annual Ave. Daily Flow In MGD</u>	<u>Fiscal Year</u>	<u>Sewer Customers</u>
1998	17.9	1998	33,174
1999	16.5	1999	33,383
2000	15.4	2000	33,075
2001	14.4	2001	32,933
2002	14.3	2002	33,215
2003	16.2	2003	33,215

Ten Largest Sewer Customers
Fiscal Year Ending September 30, 2003

<u>Name of User</u>	<u>Sewer Used (in 100 Cubic Feet)</u>	<u>Revenues Produced</u>
1. Morton Plant Mease Hospital	74,599	\$ 284,350
2. Pinellas County Schools	41,981	276,207
3. Church of Scientology	83,790	271,005
4. United Dominion Realty Trust	50,853	160,919
5. Clearwater Housing Authority	44,739	139,130
6. AGH Leasing L/P	38,312	119,075
7. Sheraton Sand Key	33,360	106,897
8. 880 Mandalay	32,376	100,610
9. King's Savannah Trace Assoc., L/P	28,737	89,372
10. Lane Clearwater L/P	<u>22,783</u>	<u>76,328</u>
Total	<u>451,530</u>	<u>\$1,623,893</u>

Rates, Fees And Charges

The City uses a three-tiered rate structure for water and sewer usage. The base rate includes a minimum usage for residential and nonresidential water rates. Any usage over the minimum is billed at one rate per 100 cubic feet up to a designated level and at a second rate for usage over that level. For irrigation, there is a base rate, with no minimum, and a charge per 100 cubic feet of water usage up to a designated level and a higher charge for usage over that amount. The sewer base rate includes a minimum usage and a fixed charge per 100 cubic feet of water usage over the basic allowance. The minimum usage and second tier usage level vary with the size of the meters. For fiscal year 2003 there were no changes to the three-tiered rate structure for water or sewer usage. Effective October 1, 2000 the basis for billing was converted from cubic feet to gallons.

City of Clearwater, Florida
Continuing Disclosure – Water and Sewer Refunding Revenue Bonds
Series 1993 and 1998; and Revenue Bonds Series 2002
Supplementary Information

<u>Residential and Nonresidential Water Rates</u>		<u>October 1, 1999</u>	<u>October 1, 2000</u>	<u>October 1, 2001</u>	<u>October 1, 2002</u>	<u>October 1, 2003</u>
<u>Size of Meter</u>		<u>Cubic Feet</u>			<u>Gallons</u>	
Minimum-	Under 1 inch	7.08	7.53	8.07	8.64	9.90
	1 inch	15.93	17.57	18.83	20.16	23.10
	1.5 inch	237.39	251.00	269.00	288.00	330.00
	2 inch	550.47	584.83	626.77	671.04	768.90
	3 or 2 inch manifold	849.60	901.09	965.71	1,033.92	1,184.70
	4 inch	1,635.48	1,734.41	1,858.79	1,990.08	2,280.30
	6 inch	4,200.21	4,455.25	4,774.75	5,112.00	5,857.50
	8 inch	7,080.00	7,530.00	8,070.00	8,640.00	9,900.00

Additional charges are assessed for cubic feet of usage in excess of designated minimums.

<u>Rates for Irrigation (Lawn) Meters</u>		<u>October 1, 1999</u>	<u>October 1, 2000</u>	<u>October 1, 2001</u>	<u>October 1, 2002</u>	<u>October 1, 2003</u>
<u>Size of Meter</u>		<u>Cubic Feet</u>			<u>Gallons</u>	
Minimum-	Under 1 inch	2.52	2.69	2.88	3.08	3.53
	1 inch	7.57	8.07	8.64	9.24	10.59
	1.5 inch	37.85	40.35	43.20	46.20	52.95
	2 inch	105.99	112.99	120.96	129.36	148.26
	3 or 2 inch manifold	209.45	223.27	239.04	255.64	292.99
	4 inch	403.76	430.41	460.80	492.80	564.80
	6 inch	1,218.85	1,299.29	1,391.04	1,487.64	1,704.99

<u>Sewer Rates</u>		<u>October 1, 1999</u>	<u>October 1, 2000</u>	<u>October 1, 2001</u>	<u>October 1, 2002</u>	<u>October 1, 2003</u>
<u>Size of Meter</u>		<u>Cubic Feet</u>			<u>Gallons</u>	
Minimum-	Under 1 inch	9.72	10.38	11.10	11.88	13.62
	1 inch	21.87	24.22	25.90	27.72	31.78
	1.5 inch	325.62	346.00	370.00	396.00	454.00
	2 inch	755.73	806.18	862.10	922.68	1,057.82
	3 or 2 inch manifold	1,166.40	1,242.14	1,328.30	1,421.64	1,629.86
	4 inch	2,245.32	2,239.86	2,556.70	2,736.36	3,137.14
	6 inch	5,766.39	6,141.50	6,567.50	7,029.00	8,058.50
	8 inch	9,720.00	10,380.00	11,100.00	11,880.00	13,620.00
Per 100 cubic feet of water used over that allowed in minimum		2.43	3.46	3.70	3.96	4.54

Additional Indebtedness

Additional indebtedness incurred of \$97,555 was for the lease purchase of capital equipment.

City of Clearwater, Florida
Continuing Disclosure – Stormwater System Revenue Bonds
Series 1999 and 2002
Supplementary Information

Rates, Fees, and Charges

The City uses a measurement of one equivalent residential unit or ERU as the basis for the stormwater management utility fee. The rate per ERU was unchanged from the inception of the utility on January 1, 1991 until 1998 when annual increases were adopted for five fiscal years beginning October 1, 1998. In November 2001, additional increases were adopted including a change to the increase previously adopted to be effective October 1, 2002. The monthly rates at inception and as adopted in 1998 and 2001 are:

<u>Effective Date</u>	<u>Rate Per ERU</u>
January 1, 1991	\$3.00
October 1, 1998	\$4.00
October 1, 1999	\$4.17
October 1, 2000	\$4.35
October 1, 2001	\$4.54
January 1, 2002	\$6.13
October 1, 2002	\$7.16
October 1, 2003	\$8.01
October 1, 2004	\$8.65
October 1, 2005	\$9.35

Single-family homes, multifamily units, condominium units, apartments and mobile homes are rated as one ERU per dwelling unit. Nonresidential property is charged at the rate of 1,830 square feet of impervious area per ERU.

HISTORICAL NET REVENUES

	<u>Fiscal Years Ended September 30,</u>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net Operating Revenues (Excluding Depreciation)	\$1,361,656	\$1,622,157	\$1,433,541	\$2,793,204	\$3,726,983
Interest Income and other Non-Operating Revenues (Expenses)	46,209	132,921	281,471	95,305	206,202
Total Net Revenues	\$1,407,865	\$1,755,078	\$1,715,012	\$2,888,509	\$3,933,185
Maximum Annual Debt Service	\$520,974	\$520,974	\$520,974	\$2,052,538	\$2,052,538
Coverage	2.71	3.37	3.29	1.41	1.92

**City of Clearwater, Florida
Continuing Disclosure – Infrastructure Sales Tax
Revenue Bonds, Series 2001
Supplementary Information**

Historical Debt Service Coverage

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Sales tax revenues (1)	\$8,339,694	\$8,457,553	\$8,661,615
Maximum annual debt service	\$7,083,688	\$7,083,688	\$7,049,688
Debt service coverage	1.18	1.19	1.23

(1) The Infrastructure Sales Tax Revenue Bonds, Series 2001, were issued June 1, 2001 in the amount of \$46,445,000. They are secured by a lien upon and a pledge of the City's share of the proceeds derived by Pinellas County, Florida from the levy and collection of the one-cent discretionary infrastructure sales tax pursuant to Section 212.055(2), Florida Statutes, as amended (sales tax revenues).

**City of Clearwater, Florida
Continuing Disclosure – Improvement Revenue
Refunding Bonds, Series 2001
Supplementary Information**

Historical Debt Service Coverage

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Pledged Revenues (1)	\$ 15,486,388	\$18,272,521	\$ 17,381,418
Maximum annual debt service	\$ 866,760	\$ 866,760	\$ 865,310
Debt service coverage	17.87	21.08	20.09

(1) The Improvement Revenue Refunding Bonds, Series 2001, were issued October 15, 2001 in the amount of \$11,470,000. They were secured by a lien upon and a pledge of the Public Service Tax pursuant to Section 166.231, Florida Statutes as amended. Effective October 1, 2001, the Florida Legislature repealed the public service tax on telecommunications created per Section 166.231(9), Florida Statutes, and created a simplified tax structure for communications services pursuant to Chapter 2000-260, Laws of Florida. To the extent that the Public Service Tax receipts derived by the City pursuant to Section 166.231(9), Florida Statutes, is eliminated as a result of this new tax, all of the revenues received by the City pursuant to the new Communications Services Tax shall be deemed to replace the Public Service Tax receipts so eliminated. Consequently the pledged revenues include both public service taxes and communications services taxes effective October 1, 2001.

**City of Clearwater, Florida
Fire Services Program
Supplementary Information**

Pursuant to agreements between the City of Clearwater, the Pinellas County Fire Authority and the Pinellas County Emergency Medical Services Authority, the City has provided fire and emergency medical services to the respective authorities. With respect to fire services, the services are provided for the benefit of properties located outside the corporate limits of the City, but within a designated service area. Emergency medical services are provided for the benefit of persons residing both inside and outside the corporate limits of the City, based on the Authority's nearest unit dispatch policy.

With respect to the Fire Services Program, a budget was prepared by Fire Department personnel covering proposed expenditures for fiscal year ending September 30, 2003, for the Fire Department as a whole. Since the funding for the Emergency Medical Services Program is based on the level fixed in prior years, the Fire Services Program budget is essentially the residual obtained by deducting the approved level of funding for the Emergency Medical Services Program from the budgeted amounts included in the total Fire Department budget. This budget was submitted to, and duly approved by, the relevant Authority prior to the commencement of the fiscal year. Income received from Pinellas County Fire Protection Authority and valid program expenditures for the Fire Services Program for the fiscal year ended September 30, 2003 are summarized below.

Total Revenue Received from Pinellas County Fire Protection Authority	<u>\$ 2,185,964</u>
Total Fire Service Expenditures for Fiscal Year Ended September 30, 2003	<u>\$ 15,786,226</u>

The Fire Services Program does not currently utilize an equipment reserve.