

## Mission

*To serve the natural and propane (LP) gas needs of the customers in the Clearwater and surrounding Florida Suncoast area in the most safe, reliable and economical manner possible while optimizing load growth, customer satisfaction, financial return to the City of Clearwater, and the equity value of the Clearwater Gas System.*

## Department Description

### Our Values

Clearwater Gas System is founded on the principles of integrity, outstanding quality, future-oriented decision-making, and sound financial planning and execution. This reflects our responsibility to be a well-run and caring service provider, focused on excellence in the delivery of “value-added” energy services to our customers. We regard our well-trained employees as our most valuable asset and strive to create a positive and participative working environment, which promotes job satisfaction, security, personal growth, and innovation.

### Our Vision

Clearwater Gas System will be the energy provider of choice, and be recognized as such by our customers and the communities that we serve.

The Clearwater Gas System (CGS) budget consists of four (4) gas programs: Gas Administration & Supply, South Area Gas Operations, North Area Gas Operations, and Gas Marketing & Sales. There are currently 90 budgeted positions (full time equivalent) in CGS.

CGS is owned and operated as an enterprise utility by the City of Clearwater. CGS operates over 775 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 and service, installation of inside customer gas piping, domestic and commercial gas equipment service, construction and maintenance of underground gas mains and service lines, and 24 hour response to any gas emergency call within the service area. The Florida Public Service Commission and the Federal Department of Transportation regulate CGS for safety.

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

Clearwater Gas System serves over 18,500 customers in a 330 square mile service territory, which includes 18 municipalities, as well as, unincorporated areas of Pinellas and Pasco counties. The Pinellas County service territory is 158 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 the entire Pinellas beach communities south to Redington Beach. The Pasco County service territory is 172 square miles. It extends from the Gulf of Mexico on the west of I-75 in Land O’ Lakes, to just west of I-75 along the right of way of Ehren Cut Off and from 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 southwestern most to the northwestern most point.

Clearwater Gas System prides itself in being a competitive, 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 88% of our customer base.

## DEPARTMENT SUMMARY

	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07	% Change
Administration & Supply	21,001,427	25,333,250	27,063,790	33,941,960	25.4%
South Area Operations	3,318,423	3,458,640	4,589,200	5,633,390	22.8%
North Area Operations	2,151,503	2,097,046	6,009,120	6,193,950	3.1%
Marketing & Sales	2,196,238	2,316,720	2,870,940	2,843,890	-0.9%
<b>Total Gas System</b>	<b>28,667,591</b>	<b>33,205,656</b>	<b>40,533,050</b>	<b>48,613,190</b>	<b>19.9%</b>

## DEPARTMENT FULL TIME EQUIVALENT POSITIONS

	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07
Administration & Supply	8.7	9.0	10.0	10.0
South Area Gas Operations	44.0	44.0	43.0	44.0
North Area Gas Operations	26.0	26.0	27.0	27.0
Gas Marketing and Sales	11.3	11.0	10.0	9.0
<b>Total Gas System</b>	<b>90.0</b>	<b>90.0</b>	<b>90.0</b>	<b>90.0</b>

# ADMINISTRATION & SUPPLY

## Program Description

Gas Administration & Supply responsibilities include: overall general management and clerical support for the Clearwater Gas System (CGS); long range planning of gas supplies and securing and transporting these supplies of both natural and LP gas to our bulk transfer points; financial planning and tracking; and storeroom operations to insure the availability of adequate operating, construction and sales materials. Functions of this program include budgeting, payroll, computer systems, facilities/equipment control, environmental, safety training, regulatory contact, legal/risk issues management, contracting and licensing control, purchasing, inventory of all gas parts and fittings, accounting, financial statements and accounts payable.

PROGRAM SUMMARY					
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07	% Change
Personnel	475,870	580,380	626,390	651,880	4.1%
Operating	17,253,922	21,188,546	22,168,890	28,696,960	29.4%
Internal Services	874,084	908,123	930,830	990,160	6.4%
Debt Service	1,353,906	1,214,812	2,017,680	2,047,400	1.5%
Transfers	1,043,645	1,441,389	1,320,000	1,555,560	17.8%
<b>Total Administration &amp; Supply</b>	<b>21,001,427</b>	<b>25,333,250</b>	<b>27,063,790</b>	<b>33,941,960</b>	<b>25.4%</b>

PROGRAM FULL TIME EQUIVALENT POSITIONS				
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07
Administration & Supply	8.7	9.0	10.0	10.0
<b>Total Administration &amp; Supply</b>	<b>8.7</b>	<b>9.0</b>	<b>10.0</b>	<b>10.0</b>

## Program Highlights

- ❖ The Gas Fund supports the Gas Administration and Supply program. The Gas Fund is a self-supporting enterprise operation established to fund all operating, maintenance and improvements necessary to maintain the Clearwater Gas System.
- ❖ The Administration and Supply program is supported by ten (10) full time equivalent (FTE) positions, the same as the previous year. The total FTE positions for the entire Gas Fund remain at ninety (90), the same as the previous year's budget.
- ❖ The largest budgeted expense in this program is the cost of inventory purchases of natural gas for resale in the operating category. Inventory purchases in this fiscal year are approximately \$22.7 million, representing 67% of this program's total budget. This budgeted expenditure is up 37% from the previous year's approved budget due to the increased cost of fuel, and is the primary reason Operating expenditures increase 29.4% in this budget.
- ❖ Operating expenditures include a major portion of the administrative charge reimbursing the General Fund for the Gas Fund's portion of City administrative functions, such as the City Manager, Legal, and City Clerk functions. The Gas Fund anticipated portion of this cost is \$1,240,520 in this fiscal year, an increase of 3% over the previous year. Like last year's budget, this charge includes an amount of \$325,000 over the Gas plan recommended charge. The Administration & Supply portion of this charge is \$1,137,270, approximately the same funding level as last year.
- ❖ Internal Service costs in this operation include a major portion of the reimbursement to Clearwater Customer Service operations for billing and customer service support services. This reimbursement totals \$805,650 for all Gas operations, an increase of 5% over the previous year's budget. The Administration & Supply portion of this charge is \$745,770.
- ❖ Debt service costs estimated at \$2,047,400 in this program represent debt on outstanding bonds of the Gas Fund.
- ❖ Budgeted transfers of \$1,555,560 for the 2006/07 budget include two items: the gas dividend transfer to the General Fund totaling \$1.4 million, and \$150,000 to the Capital Improvement Program to support gas system financed projects. This 20% increase over the previous year's dividend transfer is due to a 17.8% increase in Transfer expenditures. The total gas dividend transfer to the General Fund reflects an increase of \$257,810, over the previous year. The Administration & Supply portion of the increase is \$235,560. The capital project funding represents the same level of funding as the approved 2005/06 budget.
- ❖ The most significant change in the Gas Administration & Supply program in this fiscal year is the 37% increase in the price of fuel for resale and is the primary reason that expenditures in this program are 25.4% higher than in the 2005/06 approved budget.

# SOUTH AREA GAS OPERATIONS

## Program Description

South Area Gas Operations is responsible for the delivery of natural and LP gas to the end users south of Tampa Road and west of Lake Tarpon Outfall Canal in Pinellas County; the construction of all gas mains and service lines; the design and engineering of all gas mains and services; the securing of construction permits and attending construction meetings for gas mains and services; the maintenance of all gas main and service lines and setting of all LP tanks and services; system cathodic protection; repairing gas meters and regulators; and assuring compliance with Federal and Florida Public Service Commission and Florida State Natural Gas and LP regulations. Gas Service & Repair is responsible for all commercial and domestic gas service requests including turn-ons and turn-offs of gas meters; high bill inquiries; interior gas leak location and repair; and the service and repair of residential and commercial customer-owned gas appliances. Gas installation is responsible for the installation of customer-owned house piping and appliances; conversion of customer-owned commercial and residential appliances from alternate fuels to natural gas; and the securing of necessary gas permits to install house piping and appliances.

PROGRAM SUMMARY					
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07	% Change
Personnel	2,134,038	2,262,763	2,311,480	2,554,550	10.5%
Operating	702,975	734,469	590,260	679,380	15.1%
Internal Services	441,769	461,408	487,460	494,110	1.4%
Capital	39,641	-	5,000	5,350	7.0%
Transfers	-	-	1,195,000	1,900,000	59.0%
<b>Total South Area Operations</b>	<b>3,318,423</b>	<b>3,458,640</b>	<b>4,589,200</b>	<b>5,633,390</b>	<b>22.8%</b>

PROGRAM FULL TIME EQUIVALENT POSITIONS				
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07
South Area Gas Operations	44.0	44.0	43.0	44.0
<b>Total South Area Gas Operations</b>	<b>44.0</b>	<b>44.0</b>	<b>43.0</b>	<b>44.0</b>

# SOUTH AREA GAS OPERATIONS

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## Program Highlights

- ❖ The Gas Fund supports the South Area Gas Operations program. The Gas Fund is a self-supporting enterprise operation established to fund all operating, maintenance and improvements necessary to maintain the Clearwater Gas System.
- ❖ The South Area Gas Operations program is supported by 44 full time equivalent (FTE) positions, an increase of one position due to the transfer of 1.0 FTE from the Marketing & Sales program. The total full time equivalent (FTE) positions for the entire Gas Fund remain at ninety (90), the same as the previous year's approved budget. The transfer and higher contributions to the pension plan result in personnel costs that are 10.5% higher than last year.
- ❖ Operating costs increase 15.1% in South Area Operations due to a 144% increase in the cost of property and casualty insurance on Gas properties and a reallocation of administrative service charges between Gas programs.
- ❖ Budgeted transfers of \$1,900,000 for the 2006/07 budget increase 59% over the previous year's budget and include two items: South Area Operations' portion of the gas dividend transfer to the General Fund and transfers to the Capital Improvement Program to support gas system financed projects. The total gas dividend transfer to the general fund reflects an increase of \$257,810, over the previous year. The South Area Operations' portion of the increase is \$20,000. The capital project funding of \$1,880,000 represents a 59% increase over the approved 2005/06 budget. The funded projects are primarily for line relocations and new gas mains and lines in Pinellas County.
- ❖ There have been no other significant changes in the South Area Gas Operations program in this fiscal year. The 2006/07 budget for this program reflects an increase of 22.8% over the previous year's budget, primarily due to the need to fund capital projects.

# NORTH AREA GAS OPERATIONS

## Program Description

North Area Gas Operations is responsible for the delivery of natural and LP gas to the end users north of Tampa Road and east of Lake Tarpon Outfall Canal to the Pasco/Hernando county line and is responsible for the construction of all gas mains and service lines; the design and engineering of all gas mains and services; the securing of construction permits and attending construction meetings for gas mains and services; the maintenance of all gas main and service lines and setting of all LP tanks and services; system cathodic protection; repairing gas meters and regulators; and assuring compliance with Federal and Florida Public Service Commission and Florida State Natural Gas and LP regulations. Gas Service & Repair is responsible for all commercial and domestic gas service requests including turn-ons and turn-offs of gas meters; high bill inquiries; interior gas leak location and repair; and the service and repair of residential and commercial customer-owned gas appliances. Gas Installation is responsible for the installation of customer-owned house piping and appliances; conversion of customer-owned commercial and residential appliances from alternate fuels to natural gas; and the securing of necessary gas permits to install house piping and appliances.

PROGRAM SUMMARY					
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07	% Change
Personnel	1,316,977	1,226,466	1,457,660	1,544,390	5.9%
Operating	542,322	591,866	584,300	642,690	10.0%
Internal Services	286,530	278,714	307,160	406,870	32.5%
Capital	5,674	-	-	-	0.0%
Transfers	-	-	3,660,000	3,600,000	-1.6%
<b>Total North Area Gas Operations</b>	<b>2,151,503</b>	<b>2,097,046</b>	<b>6,009,120</b>	<b>6,193,950</b>	<b>3.1%</b>

PROGRAM FULL TIME EQUIVALENT POSITIONS				
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07
North Area Gas Operations	26.0	26.0	27.0	27.0
<b>Total North Area Gas Operations</b>	<b>26.0</b>	<b>26.0</b>	<b>27.0</b>	<b>27.0</b>

# NORTH AREA GAS OPERATIONS

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## Program Highlights

- ❖ The Gas Fund supports the North Area Gas Operations program. The Gas Fund is a self-supporting enterprise operation established to fund all operating, maintenance and improvements necessary to maintain the Clearwater Gas System.
- ❖ The North Area Gas Operations program is supported by 27 full time equivalent (FTE) positions, the same as the previous year's approved budget. The total FTE positions for the entire Gas Fund remain at ninety (90), the same as the previous year's budget.
- ❖ Property and casualty insurance on North Area assets are budgeted to increase 137%, or \$25,750, and is one of the primary reasons behind the 10% increase in operating costs of this program. The other main increase in operating costs is a 5.8%, or \$21,000, increase in the budget for fuel purchased for resale.
- ❖ Internal Services are budgeted to increase 32.5% for increased Garage charges for fuel and parts for program vehicles and for equipment to outfit replacement vehicles.
- ❖ Budgeted transfers of \$3,600,000 for the 2006/07 budget reflects funding for the Capital Improvement Program to support gas system financed projects that are primarily for new gas mains and lines in Pasco County. This is the same level of funding as in the 2005/06 approved budget.
- ❖ The 2006/07 budget for this program reflects an increase of 3.1% over the previous year's budget, primarily due to the increase in garage and vehicle costs.

## Program Description

Gas Marketing & Sales is responsible for planning, development and implementation of marketing programs to build load and improve system profitability; designing new systems to make the gas system more effective and responsive to customer needs; advertising strategy to improve the marketing of sales programs; building better governmental relations; measurement of customer satisfaction levels and the design of programs to increase service levels to meet customer expectations; and the applications engineering and sale of large commercial and industrial end-use projects to build load and improve load factor. This program is responsible for sales of natural and LP gas to commercial and residential customers; the sale of natural and LP commercial and industrial gas appliances; the estimating of natural and LP gas house piping installations; deposit collection, appliance invoicing and contract billing; administration of gas sales programs and follow-up advertising programs. The Sales Representatives assist customers in the selection of gas appliances in the showroom, at the customers' premises and at area sales and trade shows.

PROGRAM SUMMARY					
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07	% Change
Personnel	778,560	790,159	825,470	753,180	-8.8%
Operating	1,192,788	1,367,481	1,690,860	1,651,190	-2.3%
Internal Services	224,890	144,480	159,610	157,270	-1.5%
Transfers	-	14,600	195,000	282,250	44.7%
<b>Total Gas Marketing &amp; Sales</b>	<b>2,196,238</b>	<b>2,316,720</b>	<b>2,870,940</b>	<b>2,843,890</b>	<b>-0.9%</b>

PROGRAM FULL TIME EQUIVALENT POSITIONS				
	Actual 2003/04	Actual 2004/05	Budget 2005/06	Budget 2006/07
Gas Marketing & Sales	11.3	11.0	10.0	9.0
<b>Total Gas Marketing &amp; Sales</b>	<b>11.3</b>	<b>11.0</b>	<b>10.0</b>	<b>9.0</b>

## Program Highlights

- ❖ The Gas Marketing and Sales program is supported by nine (9) full time equivalent (FTE) positions, a decrease of one position due to the transfer of 1.0 FTE to the South Area Gas Operations program. The transfer results in an 8.8% decrease in personnel costs in this program for this budget. The total FTE positions for the entire Gas Fund remain at ninety, the same as the previous year's approved budget.
- ❖ Over 75% of this program's costs are focused in three (3) areas: personnel and sales commissions represent 26.5% of this budget, advertising and promotional activities are 25.5% of program costs, and inventory purchases for resale represent 23.3% of budgeted program expenditures.
- ❖ Budgeted transfers of \$282,250 for the 2006/07 budget year include two items: Gas Marketing & Sales' portion of the gas dividend transfer to the General Fund and transfers to the Capital Improvement Program to support gas system financed projects. The total gas dividend transfer to the General Fund reflects an increase of \$257,810, over the previous year, and the Marketing & Sales portion of the increase is \$12,250. The capital project funding of \$200,000 represents a 60% increase over the approved 2005/06 budget to fund capital projects for this program.
- ❖ There have been no other significant changes in the Gas Marketing & Sales program in this fiscal year. The 2006/07 budget for this office reflects almost a 1% decrease from the previous year's budget.